

*(Convenience Translation of the Independent Auditor's Report  
Originally Prepared and Issued in Turkish See Note 3.1.c)*

# **DENİZBANK ANONİM ŞİRKETİ**

**INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED  
FINANCIAL STATEMENTS AND NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

- I. Independent Auditor's Report
- II. Publicly Disclosed Unconsolidated Financial Report

(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I.c of Section Three)

## **Independent Auditor Report**

**To the Board of Directors of Denizbank A.Ş.**

### **Report on the Unconsolidated Financial Statements**

We have audited the accompanying unconsolidated balance sheet of Denizbank A.Ş. ("the Bank") as at 31 December 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

#### ***Responsibility of the Bank's Board of Directors for the financial statements***

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statement in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### ***Independent Auditor's responsibility***

Our responsibility is to express an opinion on the unconsolidated financial statements based on our audit. We conducted our audit in accordance with communiqué "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated 2 April 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion the accompanying unconsolidated financial statements presents fairly, in all material respects, the financial position of Denizbank A.Ş. as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Financial Reporting Legislation.

**Reports on arising from other regulatory requirements:**

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period 1 January – 31 December 2016 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

**Additional paragraph for convenience translation to English:**

As explained in detail in Note I.c of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Fatma Ebru Yücel, SMMM  
Partner

Istanbul, Turkey

23 February 2017

**DENİZBANK A.Ş.**  
**UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2016**

Address of the Bank's Headquarters  
Büyükdere Caddesi No:141  
34394 -ESENTEPE/İSTANBUL

Telephone and Fax Numbers  
Tel : 0 212 348 20 00  
Fax: 0 212 336 61 86

Website of the Bank  
www.denizbank.com

E-mail address of the Bank  
yatirimciliskileri@denizbank.com

The unconsolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- DISCLOSURES ON ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in **Thousands of Turkish Lira**.

23 February 2017

---

**HAKAN ELVERDİ**  
Senior Vice President  
International and Regulatory  
Financial Reporting

---

**SUAVİ DEMİRCİOĞLU**  
Executive Vice President  
Financial Affairs

---

**HAKAN ATEŞ**  
Member of Board of Directors  
and President and Chief  
Executive Officer

---

**HERMAN GREIF**  
Chairman of Board of  
Directors

---

**PAVEL BARCHUGOV**  
Member of Board of Directors  
and Audit Committee

---

**WOUTER G.M VAN ROSTE**  
Member of Board of Directors  
and Audit Committee

---

**NIHAT SEVİNÇ**  
Member of Board of Directors  
and Audit Committee

Contact information for questions on this financial report:

Name/Title: İmge İhtiyar / Department Head, International Reporting Department

Tel No: 0 212 348 5997

Fax No: 0 212 336 6186

**SECTION ONE****General Information**

I.	The Bank's date of establishment, beginning statute, its history including changes in its statute	1
II.	Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to	1
III.	Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistants and shares of the Bank they possess and their areas of responsibility	2
IV.	Explanations regarding the real person and corporate qualified shareholders at the Bank	3
V.	Type of services provided and the areas of operations of the Bank	3
VI.	Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts	3

**SECTION TWO****Unconsolidated Financial Statements**

I.	Unconsolidated statements of financial position (Balance sheets)	5
II.	Unconsolidated statements of off-balance sheet items	7
III.	Unconsolidated statements of income	8
IV.	Unconsolidated statements of income and expenses under shareholders' equity	9
V.	Unconsolidated statements of changes in shareholders' equity	10
VI.	Unconsolidated statements of cash flows	11
VII.	Unconsolidated profit distribution tables	12

**SECTION THREE****Accounting Policies**

I.	Basis of presentation	13
II.	Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies	15
III.	Explanations on investments in associates, subsidiaries, joint ventures	16
IV.	Explanations on forward transactions, options and derivative instruments	16
V.	Explanations on interest income and expenses	17
VI.	Explanations on fees and commissions	17
VII.	Explanations on financial assets	17
VIII.	Explanations on impairment of financial assets	18
IX.	Explanations on offsetting financial instruments	19
X.	Explanations on sale and repurchase agreements and transactions related to the lending of securities	19
XI.	Explanations on assets held for sale and discontinued operations	19
XII.	Explanations on goodwill and other intangible assets	20
XIII.	Explanations on tangible assets	20
XIV.	Explanations on investment properties	21
XV.	Explanations on leasing activities	21
XVI.	Explanations on provisions and contingent liabilities	21
XVII.	Explanations on obligations for employee benefits	21
XVIII.	Explanations on taxation	22
XIX.	Additional explanations on borrowings	23
XX.	Explanations on issuance of share certificates	23
XXI.	Explanations on acceptances	23
XXII.	Explanations on government grants	23
XXIII.	Explanations on segment reporting	23
XXIV.	Explanations on other matters	23

**SECTION FOUR****Financial Position And Risk Management**

I.	Explanations related to the shareholders' equity	24
II.	Explanations related to the credit risk and risk management	29
III.	Explanations related to the foreign currency exchange rate risk	39
IV.	Explanations related to the interest rate risk	41
V.	Position risk of equity shares on banking book	44
VI.	Explanations related to the liquidity risk	44
VII.	Explanations related to leverage ratio	48
VIII.	Explanations on Risk Management	48
IX.	Presentation of financial assets and liabilities at their fair value	61
X.	Transactions carried out on behalf and account of other parties and fiduciary transactions	62
XI.	Explanations related to hedging transactions	62
XII.	Explanations related to the segment reporting	63

**SECTION FIVE****Disclosures and Footnotes on Unconsolidated Financial Statements**

I.	Explanations and disclosures related to assets	65
II.	Explanations and disclosures related to liabilities	78
III.	Explanations and disclosures related to off-balance sheet items	85
IV.	Explanations and disclosures related to statement of income	88
V.	Explanations and disclosures related to statement of changes in shareholders' equity	92
VI.	Explanations and disclosures related to cash flow statement	94
VII.	Explanations and disclosures related to the Bank's risk group	95
VIII.	Domestic, foreign and off-shore banking branches and foreign representatives of the Bank	96

**SECTION SIX****Other Disclosures and Footnotes**

I.	Other explanations related to The Bank's operations	97
----	---	----

**SECTION SEVEN****Independent Auditor's Report**

I.	Information on the independent auditor's report	98
II.	Disclosures and footnotes prepared by independent auditor	98

## **SECTION ONE**

### **GENERAL INFORMATION**

#### **I. The Bank's date of establishment, beginning statute, its history including changes in its statute**

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon obtaining a permission to operate. Bank's shares have been quoted on Borsa İstanbul ("BIST") since 1 October 2004. 0,15% of the Bank's shares are publicly held as of 31 December 2016.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006, subsequent to the transfer of shares, Dexia Participation Belgique's ownership rate increased to 99,85%.

On 8 June 2012 Dexia Group and Sberbank of Russia ("Sberbank") have signed a sale and purchase agreement regarding the acquisition of 715.010.291,335 the Bank shares representing 99,85% of the Bank's capital. The transaction covers the Bank as well as all of its subsidiaries in Turkey, Austria and Russia. Following all the necessary regulatory authorizations in the countries in which seller and buyer operate including that of the European Commission, after the approvals of Competition Authority on 9 August 2012, the Banking Regulation and Supervision Agency on 12 September 2012 and the Capital Markets Board ("CMB") on 24 September 2012, Dexia has transferred 99,85% of shares of the Bank to Sberbank with a total consideration of TL 6.469.140.728<sup>(\*)</sup> (Euro 2.790 million) which is the Preliminary Purchase Price determined as per the sale and purchase agreement as of 28 September 2012. Following the completion of the adjustment process of the Preliminary Purchase Price to Purchase Price in accordance with the terms in the Share Purchase Agreement, an additional amount of Euro 185 Million which is equivalent of TL 430.947.685<sup>(\*)</sup> was paid on 27 December 2012. Ultimately the process was completed with a total Purchase Price of TL 6.900.088.413<sup>(\*)</sup> (Euro 2.975 million).

(\*)Amounts are reflected as full TL.

#### **II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to**

<b>Current Period</b>		
<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share (%)</b>
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
<b>Total</b>	<b>3.316.100.000</b>	<b>100,00</b>

<b>Prior Period</b>		
<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share (%)</b>
Sberbank of Russia	1.813.422.610	99,85
Publicly traded	2.677.304	0,15
Others shareholders	86	--
<b>Total</b>	<b>1.816.100.000</b>	<b>100,00</b>

Paid capital of the Bank was increased at a total amount TL 1.500.000, TL 39 from share premiums, TL 113.097 from subsidiaries and associate shares and real estate sales income, TL 636.864 from extraordinary reserves and TL 750.000 from cash reserve, on 28 June 2016.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistants and shares of the Bank they possess and their areas of responsibility**

<b>Name</b>	<b>Title</b>	<b>Shares owned (%)</b>
<b>President of the Board of Directors</b>		
Herman Gref	Chairman	--
<b>Board of Directors</b>		
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member, President and CEO	0,000002
Alexander Vedyakhin	Member	--
Deniz Ülke Arıboğan	Member	--
Wouter G.M. Van Roste	Member	--
Timur Kozintsev	Member	--
Svetlana Sagaydak	Member	--
Vadim Kulik	Member	--
Derya Kumru	Member	--
Igor Kondrashov	Member	--
Alexander Morozov	Member	--
Pavel Barchugov	Member	--
<b>Audit Committee</b>		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Pavel Barchugov	Member	--
<b>Executive Vice Presidents</b>		
Bora Böcügöz	Treasury, Financial Institutions	--
Suavi Demircioğlu	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services Group and Investment	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu	Corporate Banking, Commercial Banking and Public Finance	--
Mustafa Saruhan Özel	Economic Research, Strategy and Program Management	--
Cem Demirağ	Head of Internal Control Unit and Compliance	--
Ali Murat Dizdar	Chief Legal Advisor	--
Ayşenur Hıçkran	Card Payment Systems and Non-Branch Sales Channels	--
Murat Çelik	Digital Generation Banking	--
Selim Efe Teoman	Corporate and Commercial Loans	--
Ramazan Işık	Head of Inspection Board	--
Ruslan Abil	Group Reporting and Asset/Liability Management	--
Önder Özcan	Managerial Reporting and Budget Planning	--
Murat Kulaksız	SME Banking	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agriculture Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Sales-Performance Management	--
Sinan Yılmaz	Risk Management Group Leader	--
Hakan Turan Pala	Corporate and Commercial Loans Analysis	--
Edip Kürşad Başer(*)	Loans Policies - Individual - SME and Agriculture Banking Credit Allocation Group	--
Murat Çitak	IT Security and Digital-Card Payment Operations	--
Verda Beril Yüzer Oğuz	Corporate Loans Policies	--

(\*) Fatma Ayperi Karahan, Deputy General Manager responsible for Individual - SME and Agriculture Banking Credit Allocation Group at the Bank, has retired. Title of Edip Kürşad Başer has been changed as "Deputy General Manager responsible for Loans Policies-Individual - SME and Agriculture Banking Credit Allocation Group" with Board of Directors Decision dated 5 October 2016.

Hayri Cansever, who were General Manager of Destek Varlık Yönetim A.Ş., one of our former Group Companies, has been assigned as Secretary General and Deputy General Manager responsible for Sberbank Coordination Group following the resignation of Kürşad Taçalan, who were Secretary General at the Bank.



**IV. Explanations regarding the real person and corporate qualified shareholders at the Bank**

<b>Commercial Title</b>	<b>Share Amounts</b>	<b>Share Percentages</b>	<b>Paid-in Capital</b>	<b>Unpaid Capital</b>
Sberbank of Russia	3.311.211	% 99,85	3.311.211	--

Sberbank is the controlling party of the Bank's capital having both direct and indirect qualified shares.

As of 31 December 2016 the capital structure of Sberbank is as follows:

<b>Shareholders</b>	<b>Share Percentages</b>
Central Bank of Russia	50,00 %
Publicly traded	50,00 %
<b>Total</b>	<b>100,00 %</b>

Central Bank of the Russian Federation holds 50%+1 share within 22.586.948.000 ordinary and preferred shares in total in Sberbank of Russia (the rate in 21.586.948.000 ordinary shares corresponds to 52,32%).

**V. Type of services provided and the areas of operations of the Bank**

The Bank is a private sector deposit bank which provides banking services to its customers through 693 domestic and 1 foreign branch as of 31 December 2016.

Activities of the Bank as stated in the 3rd clause of the Articles of Association are as follows:

In accordance with the Banking Law and regulations;

- Performing all kinds of banking activities.
- Dealing with transactions on all kinds of capital market instruments within the limits set by the related regulations and Capital Market Law regulations.
- Establishing domestic and/or foreign entities and participating in existing entities. Entering into loan and intelligence agreements with domestic and international financial institutions. Participating in consortiums and syndications.
- Incorporating insurance companies, operating insurance agencies, participating in insurance companies which are existing or planned to be founded.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the company are to be undertaken in the future, they will be submitted to approval of the General Assembly based on Board of Director's decision and the company will be able to implement activities after the relevant decision is made by General Assembly.

**VI. Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts**

None.

## SECTION TWO

### UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Unconsolidated Statements of Financial Position  
(Balance Sheets)
- II. Unconsolidated Statements of Off-Balance Sheet Items
- III. Unconsolidated Statements of Income
- IV. Unconsolidated Statements of Income and Expenses Under  
Shareholders' Equity
- V. Unconsolidated Statements of Changes in Shareholders' Equity
- VI. Unconsolidated Statements of Cash Flows
- VII. Unconsolidated Profit Distribution Tables

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF FINANCIAL**  
**POSITION (BALANCE SHEETS)**  
**AS OF 31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

ASSETS	Footnotes	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.a)	<b>2.281.715</b>	<b>12.479.223</b>	<b>14.760.938</b>	<b>1.195.116</b>	<b>9.564.027</b>	<b>10.759.143</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.b)	<b>1.043.122</b>	<b>482.825</b>	<b>1.525.947</b>	<b>893.753</b>	<b>222.827</b>	<b>1.116.580</b>
2.1 Financial Assets Held For Trading		1.043.122	482.825	1.525.947	893.753	222.827	1.116.580
2.1.1 Public Sector Debt Securities		84.720	3.697	88.417	14.144	8.481	22.625
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Positive Value of Trading Purpose Derivatives		948.815	479.128	1.427.943	879.090	213.782	1.092.872
2.1.4 Other Securities		95.87	-	9.587	519	564	1.083
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.c)	<b>16.278</b>	<b>2.950.687</b>	<b>2.966.965</b>	<b>21.592</b>	<b>2.198.964</b>	<b>2.220.556</b>
<b>IV. DUE FROM MONEY MARKETS</b>		<b>3.001.396</b>	<b>-</b>	<b>3.001.396</b>	<b>1.200.353</b>	<b>-</b>	<b>1.200.353</b>
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		3.001.396	-	3.001.396	1.200.353	-	1.200.353
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(5.1.d)	<b>5.421.996</b>	<b>1.139.562</b>	<b>6.561.558</b>	<b>7.201.943</b>	<b>1.322.536</b>	<b>8.524.479</b>
5.1 Share Certificates		3.930	37.779	41.709	3.929	108.955	112.884
5.2 Public Sector Debt Securities		5.418.066	885.253	6.303.319	7.198.014	1.213.581	8.411.595
5.3 Other Securities		-	216.530	216.530	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	(5.1.e)	<b>49.038.709</b>	<b>12.781.675</b>	<b>61.820.384</b>	<b>42.535.661</b>	<b>8.813.163</b>	<b>51.348.824</b>
6.1 Loans and Receivables		48.094.511	12.781.675	60.876.186	41.806.994	8.813.163	50.620.157
6.1.1 Loans Utilized to the Bank's Risk Group		95.449	118.443	213.892	82.606	7.879	90.485
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		47.999.062	12.663.232	60.662.294	41.724.388	8.805.284	50.529.672
6.2 Loans under Follow-Up		3.292.211	-	3.292.211	2.682.048	-	2.682.048
6.3 Specific Provisions (-)		2.348.013	-	2.348.013	1.953.381	-	1.953.381
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. INVESTMENT HELD TO MATURITY (Net)</b>	(5.1.f)	<b>3.339.895</b>	<b>1.561.104</b>	<b>4.900.999</b>	<b>2.875.209</b>	<b>366.569</b>	<b>3.241.778</b>
8.1 Public Sector Debt Securities		3.339.895	1.561.104	4.900.999	2.875.209	366.569	3.241.778
8.2 Other Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.g)	<b>8.654</b>	<b>-</b>	<b>8.654</b>	<b>8.654</b>	<b>-</b>	<b>8.654</b>
9.1 Associates accounted for Under Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		8.654	-	8.654	8.654	-	8.654
9.2.1 Financial Associates		15	-	15	15	-	15
9.2.2 Non-Financial Associates		8.639	-	8.639	8.639	-	8.639
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.h)	<b>786.042</b>	<b>4.506.890</b>	<b>5.292.932</b>	<b>703.280</b>	<b>3.236.451</b>	<b>3.939.731</b>
10.1 Unconsolidated Financial Subsidiaries		769.617	4.506.890	5.276.507	697.631	3.236.451	3.934.082
10.2 Unconsolidated Non-Financial Subsidiaries		16.425	-	16.425	5.649	-	5.649
<b>ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	(5.1.i)	<b>2.800</b>	<b>-</b>	<b>2.800</b>	<b>2.800</b>	<b>-</b>	<b>2.800</b>
11.1 Joint Ventures accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		2.800	-	2.800	2.800	-	2.800
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.j)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. HEDGING PURPOSE DERIVATIVES</b>	(5.1.k)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.l)	<b>430.281</b>	<b>4</b>	<b>430.285</b>	<b>401.022</b>	<b>6</b>	<b>401.028</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.m)	<b>188.762</b>	<b>-</b>	<b>188.762</b>	<b>171.178</b>	<b>-</b>	<b>171.178</b>
15.1 Goodwill		869	-	869	869	-	869
15.2 Others		187.893	-	187.893	170.309	-	170.309
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	(5.1.n)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSETS</b>	(5.1.o)	<b>150.194</b>	<b>-</b>	<b>150.194</b>	<b>85.376</b>	<b>-</b>	<b>85.376</b>
17.1 Current Tax Assets		67.090	-	67.090	-	-	-
17.2 Deferred Tax Assets		83.104	-	83.104	85.376	-	85.376
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.1.p)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.q)	<b>1.048.686</b>	<b>498.327</b>	<b>1.547.013</b>	<b>905.801</b>	<b>294.386</b>	<b>1.200.187</b>
<b>TOTAL ASSETS</b>		<b>66.758.530</b>	<b>36.400.297</b>	<b>103.158.827</b>	<b>58.201.738</b>	<b>26.018.929</b>	<b>84.220.667</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF FINANCIAL**  
**POSITION (BALANCE SHEETS)**  
**AS OF 31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.a)	<b>35.124.709</b>	<b>28.066.219</b>	<b>63.190.928</b>	<b>26.095.476</b>	<b>20.492.101</b>	<b>46.587.577</b>
1.1 Deposits of the Bank's Risk Group		278.399	2.951.661	3.230.060	227.627	771.369	998.996
1.2 Others		34.846.310	25.114.558	59.960.868	25.867.849	19.720.732	45.588.581
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.II.b)	<b>553.627</b>	<b>387.561</b>	<b>941.188</b>	<b>331.910</b>	<b>245.317</b>	<b>577.227</b>
<b>III. FUNDS BORROWED</b>	(5.II.c)	<b>844.231</b>	<b>9.906.366</b>	<b>10.750.597</b>	<b>195.122</b>	<b>10.503.948</b>	<b>10.699.070</b>
<b>IV. DUE TO MONEY MARKETS</b>		<b>5.397.576</b>	-	<b>5.397.576</b>	<b>7.184.158</b>	-	<b>7.184.158</b>
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	720.000	-	720.000
4.3 Repurchase Agreements		5.397.576	-	5.397.576	6.464.158	-	6.464.158
<b>V. SECURITIES ISSUED (Net)</b>	(5.II.d)	<b>1.152.633</b>	-	<b>1.152.633</b>	<b>1.259.198</b>	-	<b>1.259.198</b>
5.1 Bills		737.553	-	737.553	609.746	-	609.746
5.2 Asset Backed Securities		415.080	-	415.080	556.311	-	556.311
5.3 Bonds		-	-	-	93.141	-	93.141
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrowers Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		<b>1.390.447</b>	<b>460.976</b>	<b>1.851.423</b>	<b>1.139.066</b>	<b>503.695</b>	<b>1.642.761</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.e)	<b>1.057.281</b>	<b>887.790</b>	<b>1.945.071</b>	<b>973.956</b>	<b>799.509</b>	<b>1.773.465</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.II.f)	<b>18.493</b>	-	<b>18.493</b>	<b>26.301</b>	<b>933</b>	<b>27.234</b>
10.1 Financial Lease Payables		20.923	-	20.923	31.455	943	32.398
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		2.430	-	2.430	5.154	10	5.164
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.II.g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.h)	<b>1.682.263</b>	<b>12.010</b>	<b>1.694.273</b>	<b>1.190.643</b>	<b>15.761</b>	<b>1.206.404</b>
12.1 General Provisions		1.277.781	-	1.277.781	984.209	-	984.209
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		105.342	-	105.342	93.352	-	93.352
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		299.140	12.010	311.150	113.082	15.761	128.843
<b>XIII. TAX LIABILITIES</b>	(5.II.i)	<b>171.472</b>	-	<b>171.472</b>	<b>148.289</b>	-	<b>148.289</b>
13.1 Current Tax Liability		171.472	-	171.472	148.289	-	148.289
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(5.II.k)	-	<b>5.483.501</b>	<b>5.483.501</b>	-	<b>4.845.965</b>	<b>4.845.965</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.l)	<b>10.671.309</b>	<b>(109.637)</b>	<b>10.561.672</b>	<b>8.227.920</b>	<b>41.399</b>	<b>8.269.319</b>
16.1 Paid-In Capital		3.316.100	-	3.316.100	1.816.100	-	1.816.100
16.2 Supplementary Capital		(934.554)	(109.637)	(1.044.191)	(504.529)	41.399	(463.130)
16.2.1 Share Premium		15	-	15	39	-	39
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Revaluation Reserve		(445.696)	(109.637)	(555.333)	(521.167)	41.379	(479.788)
16.2.4 Revaluation Fund on Tangible Assets	(5.II.l)	38.273	-	38.273	113.097	-	113.097
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Properties		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		81	-	81	81	-	81
16.2.8 Hedging Funds (Effective Portion)		(542.082)	-	(542.082)	(118.144)	20	(118.124)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		14.855	-	14.855	21.565	-	21.565
16.3 Profit Reserves		5.323.790	-	5.323.790	4.597.012	-	4.597.012
16.3.1 Legal Reserves		181.352	-	181.352	143.220	-	143.220
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		4.356.547	-	4.356.547	4.278.319	-	4.278.319
16.3.4 Other Profit Reserves		785.891	-	785.891	175.473	-	175.473
16.4 Profit or Loss		2.965.973	-	2.965.973	2.319.337	-	2.319.337
16.4.1 Prior Periods' Profits / Losses		1.556.692	-	1.556.692	1.556.692	-	1.556.692
16.4.2 Current Period Profit / Loss		1.409.281	-	1.409.281	762.645	-	762.645
16.5 Minority Shares	(5.II.l)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>58.064.041</b>	<b>45.094.786</b>	<b>103.158.827</b>	<b>46.772.039</b>	<b>37.448.628</b>	<b>84.220.667</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF**  
**OFF-BALANCE SHEET ITEMS**  
**AS OF 31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL- Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

	Footnotes	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>56.951.168</b>	<b>81.317.679</b>	<b>138.268.847</b>	<b>51.023.522</b>	<b>87.767.568</b>	<b>138.791.090</b>
<b>I. GUARANTEES</b>	(5.III.a)	<b>10.087.461</b>	<b>18.434.569</b>	<b>28.522.030</b>	<b>8.859.591</b>	<b>15.415.284</b>	<b>24.274.875</b>
1.1. Letters of Guarantee		10.075.754	11.560.516	21.636.270	8.837.234	11.190.945	20.028.179
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	90.776	169.797	79.021	105.903	184.924
1.1.3. Other Letters of Guarantee		9.996.733	11.469.740	21.466.473	8.758.213	11.085.042	19.843.255
1.2. Bank Acceptances		5.498	251.332	256.830	12.074	182.245	194.319
1.2.1. Import Letter of Acceptance		5.498	251.332	256.830	12.074	182.245	194.319
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		42	2.312.534	2.312.576	7.687	2.276.362	2.284.049
1.3.1. Documentary Letters of Credit		42	1.625.364	1.625.406	7.687	1.579.788	1.587.475
1.3.2. Other Letters of Credit		-	687.170	687.170	-	696.574	696.574
1.4. Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Related Guarantees		-	-	-	-	-	-
1.8. Other Collaterals		6.167	4.310.187	4.316.354	2.596	1.765.732	1.768.328
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.a)	<b>28.323.856</b>	<b>4.655.442</b>	<b>32.979.298</b>	<b>23.958.658</b>	<b>4.174.485</b>	<b>28.133.143</b>
2.1. Irrevocable Commitments		25.004.358	4.655.442	29.659.800	19.804.754	4.174.485	23.979.239
2.1.1. Asset Purchase and Sale Commitments		405.787	2.967.707	3.373.494	304.215	2.857.731	3.161.946
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		9.475.667	-	9.475.667	7.071.136	-	7.071.136
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		2.111.130	-	2.111.130	1.920.552	-	1.920.552
2.1.8. Tax and Fund Obligations from Export Commitments		2.415	-	2.415	997	-	997
2.1.9. Commitments for Credit Card Limits		12.764.645	-	12.764.645	10.209.119	-	10.209.119
2.1.10. Cards and Banking Services		1.416	-	1.416	800	-	800
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		243.298	1.687.735	1.931.033	297.935	1.316.754	1.614.689
2.2. Revocable Commitments		3.319.498	-	3.319.498	4.153.904	-	4.153.904
2.2.1. Revocable Loan Granting Commitments		3.318.939	-	3.318.939	4.153.345	-	4.153.345
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.b)	<b>18.539.851</b>	<b>58.227.668</b>	<b>76.767.519</b>	<b>18.205.273</b>	<b>68.177.799</b>	<b>86.383.072</b>
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		18.539.851	58.227.668	76.767.519	18.205.273	68.177.799	86.383.072
3.2.1. Forward Foreign Currency Purchases/Sales		1.713.300	5.529.056	7.242.356	1.063.645	4.550.606	5.614.251
3.2.1.1. Forward Foreign Currency Purchases		879.079	2.740.754	3.619.833	531.612	2.266.319	2.797.931
3.2.1.2. Forward Foreign Currency Sales		834.221	2.788.302	3.622.523	532.033	2.284.287	2.816.320
3.2.2. Currency and Interest Rate Swaps		13.002.971	45.306.219	58.309.190	13.062.843	57.339.597	70.402.440
3.2.2.1. Currency Swaps-Purchases		2.927.550	13.589.466	16.517.016	2.166.231	15.516.442	17.682.673
3.2.2.2. Currency Swaps-Sales		8.455.421	6.053.631	14.509.052	10.496.612	5.307.844	15.804.456
3.2.2.3. Interest Rate Swaps-Purchases		810.000	12.831.561	13.641.561	200.000	18.257.656	18.457.656
3.2.2.4. Interest Rate Swaps-Sales		810.000	12.831.561	13.641.561	200.000	18.257.655	18.457.655
3.2.3. Currency, Interest Rate and Security Options		3.823.580	5.299.658	9.123.238	4.078.785	4.936.906	9.015.691
3.2.3.1. Currency Options-Purchases		1.947.257	2.529.225	4.476.482	2.217.151	2.313.493	4.530.644
3.2.3.2. Currency Options-Sales		1.876.323	2.643.805	4.520.128	1.861.634	2.623.413	4.485.047
3.2.3.3. Interest Rate Options-Purchases		-	63.314	63.314	-	-	-
3.2.3.4. Interest Rate Options-Sales		-	63.314	63.314	-	-	-
3.2.3.5. Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2. Currency Futures-Sales		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6. Others		-	2.092.735	2.092.735	-	1.350.690	1.350.690
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>399.449.855</b>	<b>93.781.365</b>	<b>493.231.220</b>	<b>310.629.813</b>	<b>73.531.339</b>	<b>384.161.152</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>90.113.164</b>	<b>1.945.577</b>	<b>92.058.741</b>	<b>58.856.434</b>	<b>1.731.253</b>	<b>60.587.687</b>
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		89.040.303	1.006.875	90.047.178	57.996.909	895.914	58.892.823
4.3. Checks Received for Collection		254.257	600.368	854.625	65.421	613.202	678.623
4.4. Commercial Notes Received for Collection		818.604	254.541	1.073.145	794.104	199.607	993.711
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	83.793	83.793	-	22.530	22.530
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>308.952.187</b>	<b>91.001.085</b>	<b>399.953.272</b>	<b>251.359.529</b>	<b>70.922.003</b>	<b>322.281.532</b>
5.1. Securities		3.071.806	616	3.072.422	3.064.091	80.391	3.144.482
5.2. Guarantee Notes		215.141.042	38.740.795	253.881.837	172.074.747	29.774.174	201.848.921
5.3. Commodities		13.702.267	3.683.797	17.386.064	12.329.713	2.880.210	15.209.923
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		68.699.488	33.499.122	102.198.610	57.338.417	28.010.177	85.348.594
5.6. Other Pledged Items		8.337.584	15.055.000	23.392.584	6.552.561	10.177.051	16.729.612
5.7. Pledged Items-Depository		-	21.755	21.755	-	-	-
<b>VI. ACCEPTED GUARANTEES AND WARRANTIES</b>		<b>384.504</b>	<b>834.703</b>	<b>1.219.207</b>	<b>413.850</b>	<b>878.083</b>	<b>1.291.933</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>456.401.023</b>	<b>175.099.044</b>	<b>631.500.067</b>	<b>361.653.335</b>	<b>161.298.907</b>	<b>522.952.242</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

INCOME AND EXPENSE ITEMS		Footnotes	CURRENT PERIOD (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.a)	<b>8.337.792</b>	<b>6.804.782</b>
1.1	Interest from Loans		7.213.918	5.791.174
1.2	Interest from Reserve Deposits		56.689	24.288
1.3	Interest from Banks		8.059	10.701
1.4	Interest from Money Market Transactions		10.377	1.048
1.5	Interest from Securities Portfolio		986.062	923.128
1.5.1	Trading Securities		3.810	8.181
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available for Sale Securities		662.607	616.852
1.5.4	Held to Maturity Securities		319.645	298.095
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		62.687	54.443
<b>II.</b>	<b>INTEREST EXPENSE</b>	(5.IV.b)	<b>4.285.033</b>	<b>3.650.766</b>
2.1	Interest on Deposits		3.212.722	2.692.377
2.2	Interest on Funds Borrowed		578.286	475.829
2.3	Interest on Money Market Transactions		346.122	315.665
2.4	Interest on Securities Issued		111.063	139.479
2.5	Other Interest Expense		36.840	27.416
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>4.052.759</b>	<b>3.154.016</b>
<b>IV.</b>	<b>NET FEES AND COMMISSION INCOME /EXPENSE</b>		<b>1.188.964</b>	<b>1.040.295</b>
4.1	Fees and Commissions Received		1.589.481	1.385.834
4.1.1	Non-Cash Loans		174.386	138.906
4.1.2	Other	(5.IV.I)	1.415.095	1.246.928
4.2	Fees and Commissions Paid		400.517	345.539
4.2.1	Non-Cash Loans		757	782
4.2.2	Other	(5.IV.I)	399.760	344.757
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.c)	<b>58</b>	<b>1.567</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS (Net)</b>	(5.IV.d)	<b>(515.969)</b>	<b>(738.075)</b>
6.1	Profit / Loss on Securities Trading		(6.061)	21.008
6.2	Profit / Loss on Derivative Financial Transactions		302.541	1.089.708
6.3	Foreign Exchange Gains / Losses		(812.449)	(1.848.791)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.e)	<b>566.302</b>	<b>472.829</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>5.292.114</b>	<b>3.930.632</b>
<b>IX.</b>	<b>PROVISION FOR LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.f)	<b>1.744.767</b>	<b>1.217.576</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.g)	<b>2.599.065</b>	<b>2.368.986</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>948.282</b>	<b>344.070</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		<b>699.372</b>	<b>527.605</b>
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.IV.h)	<b>1.647.654</b>	<b>871.675</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.i)	<b>(238.373)</b>	<b>(109.030)</b>
16.1	Current Tax		(98.535)	-
16.2	Deferred Tax		(139.838)	(109.030)
<b>XVII.</b>	<b>NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.IV.j)	<b>1.409.281</b>	<b>762.645</b>
<b>XVIII.</b>	<b>PROFIT FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Assets Held for Sale		-	-
18.2	Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other		-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Assets Held for Sale		-	-
19.2	Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other		-	-
<b>XX.</b>	<b>P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.i)	-	-
21.1	Current Tax		-	-
21.2	Deferred Tax		-	-
<b>XXII.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PROFIT / LOSS (XVII+XXII)</b>	(5.IV.k)	<b>1.409.281</b>	<b>762.645</b>
23.1	Group's Profit / Loss		1.409.281	762.645
23.2	Minority Shares		-	-
Earnings / Losses per Share (Per thousand share)			0,50	0,38

The accompanying notes are an integral part of these unconsolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF**  
**INCOME AND EXPENSES**  
**UNDER SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

STATEMENT OF INCOME AND EXPENSES UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
I.	ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	(90.439)	(432.257)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	30.371	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	610.418	266.744
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences)	2.949	6.340
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences)	(533.388)	(143.445)
VII.	THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII.	OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	(8.388)	1.296
IX.	DEFERRED TAXES OF VALUATION DIFFERENCES	121.534	118.802
X.	NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	133.057	(182.520)
XI.	CURRENT PERIOD PROFIT/LOSS	1.409.281	762.645
1.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	74.680	29.714
1.2	Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement	(2.752)	(5.551)
1.3	Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement	-	-
1.4	Other	1.337.353	738.482
XII.	TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X+XI)	1.542.338	580.125

The accompanying notes are an integral part of these unconsolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

CHANGES IN SHAREHOLDERS' EQUITY		Paid-In Capital	Inflation Adjustments to Paid-In Capital (*)	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Securities Revaluation Reserve	Revaluation Fund of Tang./Intang.A.	Bonus Shares Obtained from Associates	Hedging Reserves	Val.Diff.Related to Assets Held for Sale/Discl.Opr.	Total Equity Attrib. to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
I.	PRIOR PERIOD 01/01-31/12/2015																		
II.	Balances at the Beginning of Period	716.100	189.164	98.411	-	143.220	-	3.781.596	21.550	586.191	14.133	(145.027)	306.054	81	(8.919)	-	5.682.554	-	5.682.554
2.1	Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	(92.199)	422.527	1.120.032	6.238	-	-	-	-	1.456.601	-	1.456.601
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	(92.199)	422.527	1.120.032	6.238	-	-	-	-	1.456.601	-	1.456.601
III.	New Balance (I+II)	716.100	189.164	98.411	-	143.220	-	3.781.596	(70.646)	988.718	1.134.165	(138.789)	306.054	81	(8.919)	-	7.139.155	-	7.139.155
Changes in the Period																			
IV.	Increase / Decrease Related to Mergers	(S.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Differences of Securities	(S.V.g)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedging Transactions (Effective Portion)	(S.V.h)	-	-	-	-	-	-	-	-	-	(285.713)	-	-	-	-	(285.713)	-	(285.713)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(109.205)	-	(109.205)	-	(109.205)
6.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	5.551	-	5.551	-	5.551
VII.	Revaluation Fund of Tangible Assets	(S.V.i)	-	-	-	-	-	-	-	-	-	-	-	-	(114.756)	-	(114.756)	-	(114.756)
VIII.	Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences	(S.V.j)	-	-	-	-	-	-	10.750	-	-	-	-	-	-	-	10.750	-	10.750
XI.	Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	The Effect of Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Cash	1.100.000	(189.164)	(98.411)	-	-	-	-	-	-	-	-	(262.425)	-	-	-	550.000	-	550.000
14.1	Internal Resources	550.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550.000	-	550.000
14.2	Issuance of Capital Stock	-	(189.164)	(98.411)	-	-	-	-	-	-	-	-	(262.425)	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	39	-	-	-	-	-	-	-	-	-	-	-	-	39	-	39
XVII.	Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	1.425	-	-	-	-	-	-	-	1.425	-	1.425
XIX.	Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	762.645	-	-	-	-	-	-	762.645	-	762.645
XX.	Profit Distribution	(S.V.e)	-	-	-	-	-	-	496.723	(988.718)	422.527	-	69.468	-	-	-	-	-	-
20.1	Dividends Distributed	-	-	-	-	-	-	-	496.723	-	422.527	-	69.468	-	-	-	-	-	-
20.2	Transfer to Reserves	(S.V.k)	-	-	-	-	-	-	-	(988.718)	-	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVIII+XIX+XX)		1.816.100	-	39	-	143.220	-	4.278.319	197.038	762.645	1.556.692	(479.788)	113.097	81	(118.124)	-	8.269.319	-	8.269.319
CURRENT PERIOD 01/01-31/12/2016																			
I.	Balances at the Beginning of Period	1.816.100	-	39	-	143.220	-	4.278.319	197.038	762.645	1.556.692	(479.788)	113.097	81	(118.124)	-	8.269.319	-	8.269.319
Changes in the Period																			
II.	Increase / Decrease Related to Mergers	(S.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation Differences of Securities	(S.V.g)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Transactions (Effective Portion)	(S.V.h)	-	-	-	-	-	-	-	-	-	(123.812)	-	-	-	-	(123.812)	-	(123.812)
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(423.958)	-	(423.958)	-	(423.958)
4.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	2.752	-	2.752	-	2.752
V.	Revaluation Fund of Tangible Assets	(S.V.i)	-	-	-	-	-	-	-	-	-	-	28.852	-	(426.710)	-	(426.710)	-	(426.710)
VI.	Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.852	-	28.852
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	(S.V.j)	-	-	-	-	-	-	610.418	-	-	-	-	-	-	-	610.418	-	610.418
IX.	Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	48.267	-	-	-	-	48.267	-	48.267
XII.	The Effect of Capital Increase	(S.V.a)	1.500.000	(39)	-	-	-	(636.864)	-	-	-	-	(113.097)	-	-	-	750.000	-	750.000
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	750.000	-	750.000
12.2	Internal Resources	-	-	(39)	-	-	-	(636.864)	-	-	-	-	(113.097)	-	-	-	-	-	-
XIII.	Issuance of Capital Stock	-	-	15	-	-	-	-	-	-	-	-	-	-	-	-	15	-	15
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	(6.710)	-	-	-	-	-	-	-	(6.710)	-	(6.710)
XVII.	Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	1.409.281	-	-	-	-	-	-	1.409.281	-	1.409.281
XVIII.	Profit Distribution	(S.V.e)	-	-	-	-	-	-	715.092	(762.645)	-	-	9.421	-	-	-	-	-	-
18.1	Dividend Distributed	-	-	-	-	-	-	-	715.092	-	-	-	9.421	-	-	-	-	-	-
18.2	Transfer to Reserves	(S.V.k)	-	-	-	-	-	-	-	(762.645)	-	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)		3.316.100	-	15	-	181.352	-	4.356.547	800.746	1.409.281	1.556.692	(555.333)	38.273	81	(542.082)	-	10.561.672	-	10.561.672

(\*) The amount stated in the column "Paid-in Capital Inflation Adjustment Difference" and the amount stated in the column "Other Reserves" amounting to TL (4.802) relating to the "actuarial loss/profit" calculated as per TAS 19 "Employee Benefits" and its proportion at an amount of TL 19.657 related to "equity method" as a result of amendments in TAS 27 "Individual Financial Tables" Communique are stated under "Other Capital Reserves" in financial statements.

The accompanying notes are an integral part of these unconsolidated financial statements.



**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED**  
**31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

		CURRENT PERIOD Footnotes (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)</b>		<b>653.785</b>	<b>1.177.967</b>
1.1.1 Interest Received (+)		7.682.394	6.611.727
1.1.2 Interest Paid (-)		4.170.230	3.643.612
1.1.3 Dividend Received (+)		58	57.397
1.1.4 Fees And Commissions Received (+)		1.568.990	1.351.645
1.1.5 Other Income (+)		334.380	866.173
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)		791.761	666.340
1.1.7 Payments to Personnel and Service Suppliers (-)		1.137.617	1.085.254
1.1.8 Taxes Paid (-)		308.542	114.645
1.1.9 Other (+/-)	(5.VI.c)	(4.107.409)	(3.531.804)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>2.772.013</b>	<b>2.821.174</b>
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)		(64.670)	80.786
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-)		-	-
1.2.3 Net (Increase) Decrease in Banks (+/-)		30.887	58.544
1.2.4 Net (Increase) Decrease in Loans (+/-)		(10.327.529)	(8.760.930)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)		(2.033.627)	92.415
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		2.195.225	(76.743)
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		14.338.622	3.559.781
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)		36.517	2.942.110
1.2.9 Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.c)	(1.403.412)	4.925.211
<b>I. Net Cash (Used in)/Provided from Banking Operations (+/-)</b>		<b>3.425.798</b>	<b>3.999.141</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from / (Used in) Investing Activities (+/-)</b>		<b>989.444</b>	<b>(2.456.497)</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)		-	256.426
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)		-	-
2.3 Fixed Assets Purchases (-)		185.264	126.394
2.4 Fixed Assets Sales (+)		53.739	117.081
2.5 Cash Paid for Purchase of Investments Available for Sale (-)		1.967.276	4.364.516
2.6 Cash Obtained From Sale of Investments Available for Sale (+)		3.088.245	2.170.307
2.7 Cash Paid for Purchase of Investment Securities (-)		-	-
2.8 Cash Obtained from Sale of Investment Securities (+)		-	-
2.9 Other (+/-)	(5.VI.c)	-	3.451
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from / (Used in) Financing Activities (+/-)</b>		<b>318.693</b>	<b>415.710</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		5.692.112	6.800.115
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		6.111.668	6.911.525
3.3 Capital Increase (+)		750.000	550.000
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		11.751	22.880
3.6 Other (+/-)	(5.VI.c)	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>	(5.VI.c)	<b>858.680</b>	<b>491.429</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>5.592.615</b>	<b>2.449.783</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period (+)</b>	(5.VI.a)	<b>6.391.133</b>	<b>3.941.350</b>
<b>VII. Cash and Cash Equivalents at the End of Period</b>	(5.VI.a)	<b>11.983.748</b>	<b>6.391.133</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED PROFIT DISTRIBUTION TABLES**  
**FOR THE PERIODS ENDED**  
**31 DECEMBER 2016 AND 2015**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

	CURRENT PERIOD <sup>(3)</sup> (01/01-31/12/2016)	PRIOR PERIOD <sup>(3)</sup> (01/01-31/12/2015)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME <sup>(1)</sup></b>		
1.1 CURRENT YEAR INCOME	1.647.654	871.675
1.2 TAXES AND DUTIES PAYABLE (-)	(238.373)	(109.030)
1.2.1 Corporate Tax (Income tax)	(98.535)	--
1.2.2 Income withholding tax	--	--
1.2.3 Other taxes and duties <sup>(2)</sup>	(139.838)	(109.030)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>1.409.281</b>	<b>762.645</b>
1.3 PRIOR YEARS LOSSES (-)	--	--
1.4 FIRST LEGAL RESERVES (-)	--	38.132
1.5 OTHER STATUTORY RESERVES (-)	--	9.421
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>1.409.281</b>	<b>715.092</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	--	--
1.6.1 To owners of ordinary shares	--	--
1.6.2 To owners of preferred shares	--	--
1.6.3 To owners of preferred shares (preemptive rights)	--	--
1.6.4 To profit sharing bonds	--	--
1.6.5 To holders of profit and loss sharing certificates	--	--
1.7 DIVIDENDS TO PERSONNEL (-)	--	--
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	--	--
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	--	--
1.9.1 To owners of ordinary shares	--	--
1.9.2 To owners of preferred shares	--	--
1.9.3 To owners of preferred shares (preemptive rights)	--	--
1.9.4 To profit sharing bonds	--	--
1.9.5 To holders of profit and loss sharing certificates	--	--
1.10 SECOND LEGAL RESERVES (-)	--	--
1.11 STATUTORY RESERVES (-)	--	--
1.12 GENERAL RESERVES	--	715.092
1.13 OTHER RESERVES	--	--
1.14 SPECIAL FUNDS	--	--
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	--	--
2.2 SECOND LEGAL RESERVES (-)	--	--
2.3 DIVIDENDS TO SHAREHOLDERS (-)	--	--
2.3.1 To owners of ordinary shares	--	--
2.3.2 To owners of preferred shares	--	--
2.3.3 To owners of preferred shares (preemptive rights)	--	--
2.3.4 To profit sharing bonds	--	--
2.3.5 To holders of profit and loss sharing certificates	--	--
2.4 DIVIDENDS TO PERSONNEL (-)	--	--
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	--	--
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0,005	0,004
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,5	0,4
3.3 TO OWNERS OF PRIVILEGED SHARES	--	--
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	--	--
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	--	--
4.2 TO OWNERS OF ORDINARY SHARES (%)	--	--
4.3 TO OWNERS OF PRIVILEGED SHARES	--	--
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	--	--

1) Distribution of dividend has not been decided yet since the General Assembly meeting of the Bank has not been held as of the date on which the financial statements are published.

(2) BRSA scrutinize that income amounts related to deferred tax assets cannot be considered as cash or internal source and therefore cannot be included in distribution of net period profit. The Bank has a deferred tax expense of TL 139.838 as of 31 December 2016 (31 December 2015: TL 109.030 deferred tax expenses).

(3) It includes impacts of TAS 27 standard.

The accompanying notes are an integral part of these unconsolidated financial statements.

## **SECTION THREE**

### **ACCOUNTING POLICIES**

#### **I. Basis of presentation**

##### **a. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents**

The unconsolidated financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Authority ("BRSA") within the framework of the provisions of the Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Document Keeping published in the Official Gazette no. 26333 dated 1 November 2006 in relation with the Banking Law no. 5411, as well as the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") enforced by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the annexes and commentaries relating to these Standards (hereinafter collectively referred to as "Turkish Accounting Standards" or "TAS") if there are no specific regulations made by BRSA. The form and content of the unconsolidated financial statements which have been drawn up and which will be disclosed to public have been prepared in accordance with the "Communiqué on the financial Statements to be Disclosed to the Public by Banks and the Related Explanations and Footnotes", "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and as well as the communiqués that introduce amendments and additions to those Communiqués. The parent shareholder Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Law and Turkish Tax legislation.

The amounts in the unconsolidated financial statements and explanations and footnotes relating to these statements have been denoted in Thousand Turkish Liras unless otherwise stated.

Unconsolidated financial statements have been prepared based on historical cost principle, except the financial assets and liabilities indicated at their actual values.

In the preparation of unconsolidated financial statements according to TAS, the management of the parent shareholder Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet. These assumptions and estimations are reviewed regularly, the necessary corrections are made and the effects of these corrections are reflected in the income statement. The assumptions and estimations used are explained in the related foot notes.

The accounting policies followed and revaluation principles used in the preparation of unconsolidated financial statements have been determined and implemented in accordance with the regulations, communiqués, explanations and circulars published by BRSA with respect to accounting and financial reporting principles and principles covered by TAS/TFRS in cases where there were no specific regulations made by BRSA except the change in accounting policy as described under "Accounting policies and valuation principles used "in the preparation of the financial statements" below and they are consistent with accounting policies implemented in annual unconsolidated financial statements prepared for the year ending on 31 December 2015.

These accounting policies and valuation principles are explained in Notes II to XXIV below. The amendments of TAS and TFRS which have entered into force as of 1 January 2016 have no material impact on the Bank's accounting policies, financial position and performance. TAS and TFRS amendments which are published but not entered into force as of signature date of financial statements do not have significant impact on accounting policies, financial position and performance of the Bank, except for TFRS 9: Financial Instruments, which shall enter into force as of January 1, 2018 the Bank has begun studies for compliance to TFRS 9 Financial Instruments Standard.

**b. Accounting policies and valuation principles used in the preparation of the financial statements**

Communique on "TAS 27 Separate Financial Statements" standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force with "Communique on amending the Communique on TAS 27 Separate Financial Statements" (Communique) published in Official Gazette dated 9 April 2015 and numbered 29321 to be applied for accounting periods after 1 January 2016.

Entities have the opportunity to recognize their investments in associates, subsidiaries and joint ventures with equity method in their separate financial statements in line with the amendment while it is stated for entities preparing separate financial statements before the amendment in communique to recognize their investments in associates, subsidiaries and joint ventures in accordance with cost value or TAS 39 Financial Instruments standard.

The Bank recognized its subsidiaries, in which it has direct or indirect shares, according to equity method in accordance with the Communique having a permission to be applied earlier while preparing its non-consolidated financial tables with the 2nd quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated 20 July 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, amendments and errors in Accounting Estimates Standard.

Deniz Yatırım Menkul Kıymetler A.Ş. (Deniz Yatırım), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, JSC Denizbank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz GYO), Destek Varlık Yönetim A.Ş. (Destek Varlık Yönetim) and CR Erdberg Eins GmbH & Co KG (CR Erdberg), in which the Bank has direct or indirect shares, are associates which are recognized according to equity method in separate financial statements and included in scope of full consolidation in financial statements in accordance with the Communique.

It is decided to change type and title of Ekspres Menkul Değerler A.Ş. (Ekspres Menkul Değerler) in Extraordinary General Assembly Meeting dated August 5, 2016 and the decision is registered by İstanbul Trade Registry Directorate on August 10, 2016 and title of Ekspres Menkul Değerler is changed as Ekspres Bilgi İşlem ve Ticaret Anonim Şirketi ("Ekspres Bilgi İşlem") and it is extracted from consolidated subsidiaries scope in the framework of BRSA regulations due to its non-financial partnership status

Destek Varlık Yönetim A.Ş., one of the subsidiaries of the Bank recognized through equity method, is disposed through sales in current period.

On the other hand, Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. ("Intertech") and Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. ("Deniz Kültür"), which are associates of the Bank, and Deniz Kartlı Ödeme Sistemleri A.Ş. and Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş., which are associates of Intertech, and Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş"), which is jointly controlled entity of Bank, and Deniz Immobilien Service GmbH ("Deniz Immobilien"), which is an associate of Denizbank AG are not included in consolidation and are recognized with cost value according to TAS 27 since they are non-financial associates.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

The Bank has adjusted comparative statement of changes in equity as of 31 December 2014 with respect to amendment in TAS 27 Separate Financial Statements Standard in accordance with TAS 8 Turkish Accounting Standard on Amendments and Errors in Accounting Policies and Accounting Estimates. Impact of adjustment entries on statements are summarized below:

<b>31 December 2014</b>	<b>Issued</b>	<b>Adjustments</b>	<b>Revised</b>
<b>Total Assets</b>	<b>69.474.016</b>	<b>1.456.601</b>	<b>70.930.617</b>
Subsidiaries (Net)	1.554.707	1.456.601	3.011.308
<b>Total Liabilities</b>	<b>69.474.016</b>	<b>1.456.601</b>	<b>70.930.617</b>
Equity	5.682.554	1.456.601	7.139.155
Capital Reserves	440.247	26.380	466.627
Profit Reserves	3.945.883	(112.338)	3.833.545
Profit or Loss	580.324	1.542.559	2.122.883
-Prior Period Profit/Loss	14.133	1.120.032	1.134.165
-Current Period Profit/Loss	566.191	422.527	988.718
Dividend Income	50.112	(48.647)	1.465
Profit/Loss from Associates Subjected to Equity Method	--	549.574	549.574
Profit on Sale of Associates, Subsidiaries and Joint Ventures	78.400	(78.400)	--

**c. Additional paragraph for convenience translation:**

The effects of differences between accounting principles and standards set out by BRSA Accounting and Reporting Regulation the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies**

**a. Strategy for the use of financial instruments**

Denizbank A.Ş.'s ("The Bank") external sources of funds are comprised of deposits with various maturity periods, and short-term borrowings. These funds are fixed rate in general and are utilized in high yield financial assets. The majority of the funds are allocated to high yield, floating rate instruments, such as Turkish Lira and foreign currency government securities and Eurobonds, and to loans provided to customers on a selective basis in order to increase revenue and support liquidity. The liquidity structure, insures meeting all liabilities falling due, is formed by keeping sufficient levels of cash and cash equivalents by diversifying the sources of funds. The Bank assesses the maturity structure of the sources, and the maturity structure and yield of placements at market conditions and adopts a high yield policy in long-term placements.

The Bank assumes risks within the pre-determined risk limits short-term currency, interest and price movements in money and capital markets and market conditions.

These positions are closely monitored by the Risk Management System of the Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment.

In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration.

The asset-liability balance is monitored on a daily basis in accordance with their maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

No risks are taken as far as possible on foreign currencies other than US Dollar and Euro. Transactions are made under the determined limits to cover the position.

**b. Transactions denominated in foreign currencies**

**Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements**

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of the balance sheet date are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities are translated into TL by using foreign currency exchange rates of the Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Bank's foreign currency exchange rates are as follows.

	<b>31 December 2016</b>	<b>31 December 2015</b>
US Dollar	3,5192 TL	2,9181 TL
Euro	3,7099 TL	3,1838 TL

**Foreign exchange gains and losses included in the income statement**

Net foreign exchange loss included in the income statement amounts to TL 812.449 as of 31 December 2016 (1 January - 31 December 2015: TL 1.848.791 net foreign exchange loss).

**Total amount of valuation fund arising from foreign currency exchange rate differences**

TL 36.673 (31 December 2015: TL 31.817), consisting of conversion of Bahrain Branch's financial statements into TL in accordance with TAS 21, and TL 749.218, (31 December 2015: TL 143.656) sourcing from recognizing Denizbank AG, JSC Denizbank and Eurodeniz, which are foreign currency associates of the Bank, with equity method, are recorded under "other reserves" account.

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.006 million and US Dollar 6,7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

**III. Explanations on investments in associates, subsidiaries, joint ventures**

Associates, jointly controlled entities and non-financial associates, included in non-consolidated financial tables, are recognized according to cost value in accordance with the "TAS 27 Separate Financial Statements".

Subsidiaries, which are treated in an active market, are reflected to financial statements with their fair values through taking their recorded prices in the aforementioned market. Subsidiaries and joint controlled entities, which are not treated in an active market, are monitored over their acquisition costs and shown in financial statements with their cost values after deducting impairment charges, if available.

Financial associates are recognized in accordance with equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Joint Ventures with respect to amendment in TAS 27 Communique on Separate Financial Statements in non-consolidated financial statements. Associates, which were recognized with cost value in non-consolidated financial statements beforehand, are recognized in accordance with the equity method as of 1 January 2013 with the 2nd quarter of 2015.

Equity method is the accounting treatment which prescribes to increase or decrease the book value of share included in associate as quota per participant from change amount occurring in period in the shareholder's equity of the participated partnership and to deduct/set off dividends received from participated associate from the amended value of the associate.

**IV. Explanations on forward transactions, options and derivative instruments**

The Bank's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts.

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", forward foreign currency purchase/sale contracts, swaps, options and futures that are classified as "trading purpose" transactions. Derivative transactions are recorded with their fair values at contract date. Also, the liabilities and receivables

arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts.

The derivative transactions are valued at fair value using market prices or pricing models subsequent to initial recognition and are presented in the "Positive Value of Trading Purpose Derivatives" and "Negative Value of Trading Purpose Derivatives" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. Gains and losses arising from a change in the fair value are recognized in the income statement. Fair values of derivatives are calculated using discounted cash flow model or market value.

**V. Explanations on interest income and expenses**

Interest income and expenses are recognized as they are accrued taking into account the internal rate of return method. Interest accrual does not start until non-performing loans become performing and are classified as performing loans or until collection in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside", published in the Official Gazette No. 26333 dated 1 November 2006, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

**VI. Explanations on fees and commissions**

Fees and commissions received and paid, and other fees and commissions paid to financial institutions are either recognized on an accrual basis over the period the service is provided or received or recognized as income or expense when collected or paid depending on their nature.

**VII. Explanations on financial assets**

Financial assets include cash; acquisition right of cash or acquisition right of other financial asset or bilateral exchange right of financial assets or equity instrument transactions with the counterpart. Financial assets are classified in four categories; as financial assets at fair value through profit or loss, financial assets available-for-sale, investment held-to-maturity, and loans and receivables.

**a. Financial assets at fair value through profit or loss**

**Financial assets held for trading**

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aimed at short-term profit making.

Trading financial assets are recognized at their fair value in the balance sheet and remeasured at their fair value after recognition.

All gains and losses arising from valuations of trading financial assets are reflected in the income statement. In accordance with descriptions of the uniform chart of accounts, favorable difference between acquisition cost of financial asset and its discounted value are recognized in "Interest Income", in the case of fair value of asset is above its discounted value, favorable difference between them are recognized in "Capital Market Transactions Profits" account, in the case of fair value is below discounted value, unfavorable difference between them are recognized in "Capital Market Transactions Losses" account. In the case of financial asset is sold off before its maturity, consisted gains or losses are accounted within the same principals.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

**Financial assets at fair value through profit or loss**

The Bank does not have any securities designated as "financial assets at fair value through profit or loss".

**b. Investment securities available-for-sale**

Available-for-sale assets are financial assets that are not loans and receivables, held to maturity investments and financial assets at fair value through profit or loss.

After the recognition, financial assets available for sale are remeasured at fair value. Interest income arising from available for sale calculated with "Effective interest method" and dividend income from equity securities are reflected to the income statements. Unrealized gains and losses arising from the differences at fair value of securities classified as available for sale and that is representing differences between amortized cost

calculated with effective interest method and fair value of financial assets are recognized under the account of "Marketable securities valuation differences" inside shareholder's equity items. Unrealized profits and losses do not represent on relevant income statement until these securities are collected or disposed of and the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

**c. Investment securities held-to-maturity**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale; and those that meet the definition of loans and receivables.

Held to maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflects the fair value of the those instruments and subsequently recognized at amortized cost by using effective interest rate method.

Interest incomes obtained from held to maturity financial assets are presented in the line of "interest received from securities portfolio - investment securities held-to-maturity" in the unconsolidated statement of income.

There are no financial assets that are banned from being classified as investment securities held-to maturity for two years due to the violation of the tainting rule.

Real coupon of Consumer Price Index ("CPI") that is linked government bonds under available-for-sale and held-to maturity portfolios remains fixed until maturity. At the same time intended to effect of change in Consumer Price Index, valuation is carried out with using reference indexes at relating issue of security and preparation date of financial statements.

**d. Loans and specific provisions**

Loans and receivables are non-derivative financial assets that are not classified as financial assets at fair value through profit or loss or financial assets available for sale, are unlisted in an active market and whose payments are fixed or can be determined. Loans and receivables are carried initially by adding acquisition cost to transaction costs which reflect fair value and subsequently recognized at the discounted value calculated using the "Effective interest method".

Foreign currency loans are subject to evaluation and currency exchange differences arising from such re-measurements are reflected in "Foreign Exchange Gains/Losses" account in the unconsolidated income statement. Foreign currency-indexed loans are initially recognized in their Turkish Lira equivalents; repayments are calculated with exchange rate at payment date, currency exchange differences occurred are reflected in profit/loss accounts.

Specific and general allowances are made in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette numbered 26333 dated 1 November 2006, and which was amended with the communiqué published in the Official Gazette numbered 27513 dated 6 March 2010.

When collections are made on loans that have been provided for, they are credited to the income statement accounts "Provision for Loan Losses or Other Receivables" if the provision was made in the current year, otherwise such collections are credited to "Other Operating Income" account with respect to allowances made in prior years. The interest income recovered is booked in "Other Interest Income" account.

**VIII. Explanations on impairment of financial assets**

The existence of objective evidence whether a financial asset or group of financial assets is impaired, is assessed at each balance sheet date. If such evidence exists, impairment provision is provided.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest method" and its carrying value. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. An explanation about the impairment of loans and receivables is given in Note VII-d of Section Three.



**IX. Explanations on offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

**X. Explanations on sale and repurchase agreements and transactions related to the lending of securities**

Government bonds and treasury bills sold to customers under repurchase agreements are classified according to purpose of being hold into portfolio on the assets side of the accompanying unconsolidated balance sheet within "Financial Assets Held for Trading", "Investment Securities Available for Sale" and "Investment Securities Held to Maturity" and are valuating according to valuation principles of relating portfolio. Funds obtained from repurchase agreements are presented on the liability side of the unconsolidated balance sheet within the account of "Funds Provided under Repurchase Agreements". The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Reverse Repurchase Agreements" account in liability part of the unconsolidated balance sheet.

Securities received with resale commitments are presented under "Reverse Repurchase Agreements" line in the balance sheet. The accrual amounts for the corresponding part to the period of the resale and repurchase price difference determined in reverse repurchase agreements are calculated using the "Effective interest method". The Bank has not any security which subjected to borrowing activities.

**XI. Explanations on assets held for sale and discontinued operations**

An asset is regarded as "Asset held for resale" only when the sale is highly propable and the asset is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Various events and conditions can prolong completion period of sale transaction to more than 1 year. This loss of time is realized due to events and conditions out of control of an enterprise and in the position of competent evidence about sales plan of an enterprise for sale of relevant asset continuing, assets mentioned continuing to be classified as assets held for sale.

The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single balance.

A discontinued operation is a division of a bank that is either disposed or held for sale and represents a separate major line of business or geographical area of operations; or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

As 31 December 2016, The Bank does not have non-current assets held for sale and a discontinued operation (31 December 2015: None).

## **XII. Explanations on goodwill and other intangible assets**

### **a. Goodwill**

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The “net goodwill” resulted from the acquisition of the investment and to be included in the unconsolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles. Assets of the acquired company which are not presented on financial statements but separated from goodwill represented with fair values of tangible assets (credit card brand equity, customer portfolio etc.) and/or contingent liabilities to financial statements in process of acquisition.

In accordance with “TFRS 3 - Business Combinations”, the goodwill is not amortized. It is tested yearly or if there is any indication of impairment according to “Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets”.

### **b. Other intangible assets**

Intangible assets are initially classified over acquisition cost values and other costs which are required for activation of the financial asset in accordance with TAS 38 “Intangible Assets” standard. Intangible assets are evaluated over excess value of net cost that derived from accumulated depreciation and accumulated impairment after recognition period.

The Bank’s intangible assets consist of software, license rights, data/telephone line, total values of credit cards and personal loans portfolio.

Intangible assets purchased before 1 January 2003 and after 31 December 2006 are amortized on a straight-line basis; and those purchased between the aforementioned dates are amortized by using the double-declining method. Useful life of an asset is estimated by assessment of the expected life span of the asset, technical, technological wear outs, of the asset. The amortization rates used approximate the useful lives of the assets.

Maintenance costs associated with the computer software that are in use are expensed at the period of occurrence.

## **XIII. Explanations on tangible assets**

DFH Group has passed to revaluation model from cost model in the framework of TAS 16 “Intangible Fixed Assets” in valuation of properties in use which are traced under intangible fixed assets as of 31 December 2016 while it tracks all of its intangible fixed assets in accordance with TAS 16 “Intangible Fixed Assets”. Positive differences between property value in expertise reports prepared by licenced valuation firms and net carrying amount of the related property are tracked under equity accounts while negative differences are traced under income statement.

	<b>Estimated Economic Life (Year)</b>	<b>Depreciation Rate</b>
<b>Movables</b>		
- Office machinery	4 YEARS	% 10 - % 50
- Furniture/Furnishing	5 YEARS	% 10 - % 50
- Means of transport	5 YEARS	% 20 - % 50
- Other equipment	10 YEARS	% 2,50 - % 50
<b>Real estates</b>	50 YEARS	% 2 - % 3,03

Expenditures for maintenance and repairs that are routinely made on tangible assets are charged as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset.

There are no restrictions such as pledges and mortgages on tangible assets or no purchase commitments.

**XIV. Explanations on investment properties**

None.

**XV. Explanations on leasing activities**

The maximum period of the lease contracts is mostly 4 years. Fixed assets acquired through financial leasing are recognized in tangible assets and depreciated in line with fixed assets group they relate to. The obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement.

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

The Bank does not have finance lease transactions as "lessor".

**XVI. Explanations on provisions and contingent liabilities**

Provisions other than specific and general provisions for loans and other receivables and free provisions for probable risks, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Bank management. Whenever the amount of such obligations cannot be measured, they are regarded as "Contingent". If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured reliably, a provision is recognized. If the amount of the obligation cannot be measured reliably or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the footnotes.

Based on the representations of the Bank's attorneys, there are 8.816 lawsuits against The Bank with total risks amounting to TL 204.486, US Dollar 705.695 and Euro 1.579.799 as of 31 December 2016. There are also 14.153 follow-up cases amounting to TL 584.553 and US Dollar 10.000 in total that are filed by The Bank and are at courts. The Bank booked a provision amounting to TL 19.125 for the continuing lawsuits (31 December 2015: TL 18.120).

**XVII. Explanations on obligations for employee benefits**

Provision for employee benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

The Bank in accordance with existing legislation in Turkey, is required to make retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to the this extents, the Bank is required to make severance payment to each employee whose employment is terminated due to retirement, death, military service and to female employees following their marriage within one year leave the job of their own accords by fourteenth clause of Labour Law.

The Bank, in accordance with TAS 19 "Employee Benefits" realized provision registry under the condition of prediction of present value of possible liability in the future related to employee termination benefits. Losses and gains which occur after 1 January 2013 are adjusting under the Equity Accounts in accordance with updated TAS 19 Standard.

The Bank has recognized vacation pay liability amount which is calculated from unused vacation to financial statement as a provision.

## **XVIII. Explanations on taxation**

### **a. Current taxes**

In accordance with the Corporate Tax Law No: 5520 published in the Official Gazette numbered 26205 dated 21 June 2006, the corporate tax rate is levied at 20% beginning from 1 January 2006.

Companies file their corporate tax returns between the 1st and 25th days of the following four months period after to which they relate and the payments are made until the end of that month.

The provision for corporate tax for the period is reflected as the "Current Tax Liability" in the liabilities and "Current Tax Provision" in the income statement.

In accordance with the Corporate Tax Law, tax losses can be carried forward for five years. The tax authorities can inspect tax returns and the related accounting records back to a maximum period of five years.

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. In this respect, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the institutions residing in Turkey is 15%. While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Current Tax Effects that sourced from directly classified in equity transactions represent on equity accounts.

### **b. Deferred taxes**

In accordance with TAS 12 "Income Taxes", The Bank accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Bank's deferred tax assets and liabilities have been offset in the unconsolidated financial statements. As a result of offsetting, deferred tax assets of TL 83.104 (31 December 2015: TL 85.376) have been recognized in the accompanying financial statements.

Deferred taxes directly related to equity items are recognized and offset in related equity accounts.

Deferred tax liabilities are generally recognized for all taxable temporary and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

### **c. Transfer pricing**

In the framework of the provisions on "Disguised Profit Distribution Through Transfer Pricing" regulated under article 13 of Corporate Tax Law no. 5520, pursuant to the Corporate Tax Law General Communiqué no. 1, which became effective upon its promulgation in the Official Gazette dated 3 April 2007 and numbered 26482, Corporate Tax Law General Communiqué no. 3, which became effective upon its promulgation in the Official Gazette dated 20 November 2008 and numbered 27060, Council of Ministers Decree no. 2007/12888, which became effective upon its promulgation in the Official Gazette dated 6 December 2007 and numbered 26722, Council of Minister Decree no. 2008/13490, which became effective upon its promulgation in the Official Gazette dated 13 April 2008 and numbered 26846, "General Communiqué No. 1 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 18 November 2007 and numbered 26704 and "General Communiqué No. 2 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 22 April 2008 and numbered 26855, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm's length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

Corporate taxpayers are obliged to fill in the “The Form on Transfer Pricing, Controlled Foreign Corporation and Thin Capital” regarding the purchases or sales of goods or services they perform with related parties during a fiscal period and submit it to their tax office in the attachment of the corporate tax return.

Furthermore, the taxpayers registered in the Large Taxpayers Tax Administration (Büyük Mükellefler Vergi Dairesi Başkanlığı) must prepare the “Annual Transfer Pricing Report” in line with the designated format for their domestic and cross-border transactions performed with related parties during a fiscal period until the filing deadline of the corporate tax return, and if requested after the expiration of this period, they must submit the report to the Administration or those authorized to conduct tax inspection.

**XIX. Additional explanations on borrowings**

Instruments representing the borrowings are initially recognized at cost represented its fair value and measured at amortized cost based on the internal rate of return at next periods. Foreign currency borrowings have been translated using the foreign currency buying rates of the Bank at the balance sheet date. Interest expense incurred for the period has been recognized in the accompanying financial statements.

General hedging techniques are used for borrowings against liquidity and currency risks. The Bank, if required, borrows funds from domestic and foreign institutions. The Bank can also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

**XX. Explanations on issuance of share certificates**

Transactions related to issuance of share certificates are explained in Note II-I-8 of Section Five. No dividends have been declared subsequent to the balance sheet date.

**XXI. Explanations on acceptances**

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

As of the balance sheet date, there are no acceptances recorded as liability in return for assets.

**XXII. Explanations on government grants**

As of the balance sheet date, The Bank does not have any government grants.

**XXIII. Explanations on segment reporting**

Segment reporting is presented in Note XII of Section Four.

**XXIV. Explanations on other matters**

None.

## **SECTION FOUR**

### **FINANCIAL POSITION AND RISK MANAGEMENT**

#### **I. Explanations related to the consolidated shareholders' equity**

Shareholders' equity and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The current period equity amount of the Bank is TL 15.425.649 while its capital adequacy standard ratio is 17,52% as of 31 December 2016. Calculations of 31 December 2015 have been made in the framework of repealed regulations and equity amount is TL 12.204.766 while the capital adequacy standard ratio is 16,07%.

#### **a. Components of unconsolidated shareholders' equity**

	<b>Current Period 31 December 2016</b>	<b>Amounts related to treatment before 1/1/2014</b>
<b>Common Equity Tier 1 capital</b>		
Directly issued qualifying common share capital plus related stock surplus	3.316.100	
Share premium	15	
Legal reserves	4.537.899	
Projected gains to shareholders' equity of the accounting standards in Turkey	904.300	
Profit	2.965.973	
Net current period profit	1.409.281	
Prior period profit	1.556.692	
Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit	81	
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>11.724.368</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
Prudential valuation adjustments	--	
Sum of current year net loss and prior period's loss that is not covered with reserves and losses on shareholders' equity of the accounting standards in Turkey	1.162.080	
Development cost of operating lease	89.732	
Goodwill (net of related tax liability)	522	869
Other intangibles other than mortgage-servicing rights (net of related tax liability)	112.735	187.893
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	
Cash-flow hedge reserve	--	
Gains and losses due to changes in own credit risk on fair valued liabilities	--	
Securitisation gain on sale	--	
Gains and losses due to changes in own credit risk on fair valued liabilities	--	
Defined-benefit pension fund net assets	--	
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	--	
Reciprocal cross-holdings in common equity	--	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	--	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	--	
Mortgage servicing rights (amount above 10% threshold)	--	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	--	
Amount exceeding the 15% threshold	--	
of which: significant investments in the common stock of financials	--	
of which: mortgage servicing rights	--	
of which: deferred tax assets arising from temporary differences	--	
National specific regulatory adjustments	--	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	--	
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>1.365.069</b>	
<b>Common Equity Tier 1 capital (CET1)</b>	<b>10.359.299</b>	
<b>Additional Tier 1 capital: instruments</b>		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards	--	
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	--	
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) of which: instruments issued by subsidiaries subject to phase out	--	
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>--</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>		
Investments in own Additional Tier 1 instruments	--	
Reciprocal cross-holdings in Additional Tier 1 instruments	--	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	--	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	--	
National specific regulatory adjustments	--	
<b>The process of transition will continue to reduce from Tier 1 Capital</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	75.505	

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub paragraph of the Provisional Article 2 of the Regulation on Banks Own Funds (-) --  
 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-) --

**Total regulatory adjustments to Additional Tier 1 capital** **75.505**

**Additional Tier 1 capital (AT1)** **(75.505)**

**Tier 1 capital (T1 = CET1 + AT1)** **10.283.794**

**Tier 2 capital: instruments and provisions**

Directly issued qualifying Tier 2 instruments plus related stock surplus 4.262.567

Directly issued qualifying Tier 2 instruments plus related stock surplus 140.768

Provisions 1.016.387

**Tier 2 capital before regulatory adjustments** **5.278.954**

**Tier 2 capital: regulatory adjustments**

Reciprocal cross-holdings in Tier 2 instruments --

Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-) --

Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) --

National specific regulatory adjustments (-) --

Reciprocal cross-holdings in Tier 2 instruments 115.081

**Total regulatory adjustments to Tier 2 capital** **115.081**

**Tier 2 capital (T2)** **5.163.873**

**Total capital (TC = T1 + T2)** **15.447.667**

**Total risk weighted assets**

Loans extended being non compliant with articles 50 and 51 of the Law --

Portion of the sum of the bank's real estate net book value, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition 9.826

National specific regulatory adjustments 12.192

**The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital of which: The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%** --

**of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above** --

**of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above** --

**Shareholders' Equity**

Total shareholders' equity 15.425.649

Total risk weighted items 88.069.544

**CAPITAL ADEQUACY RATIOS**

Core Capital Adequacy Ratio (%) 11,76

Tier 1 Capital Adequacy Ratio (%) 11,68

Capital Adequacy Standard Ratio (%) 17,52

**BUFFERS**

Institution specific buffer requirement 0,669

Capital conservation buffer requirement (%) 0,625

Bank specific countercyclical buffer requirement (%) 0,044

Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%) 0,048

**Amounts below the thresholds for deduction (before risk weighting)**

Non-significant investments in the capital of other financials --

Significant investments in the common stock of financials --

Mortgage servicing rights (net of related tax liability) --

Deferred tax assets arising from temporary differences (net of related tax liability) --

**Applicable caps on the inclusion of provisions in Tier 2**

Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) 1.277.781

Cap on inclusion of provisions in Tier 2 under standardised approach 1.016.387

Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) --

Cap for inclusion of provisions in Tier 2 under internal ratings-based approach --

**Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)**

Upper limit for Additional Tier I Capital subjected to temporary Article 4 --

Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4 --

Upper limit for Additional Tier II Capital subjected to temporary Article 4 683.202

Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4 --

Period

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

	31 December 2015 (*)
<b>CORE CAPITAL</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.816.100
Share premium	39
Share cancellation profits	--
Reserves	4.421.539
Gains recognized in equity as per TAS	370.614
Profit	2.319.337
Current Period Profit	762.645
Prior Period Profit	1.556.692
Provisions for Possible Risks	11.000
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	81
<b>Core Capital Before Deductions</b>	<b>8.938.710</b>
<b>Deductions from Common Equity</b>	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	655.023
Leasehold improvements (-)	95.983
Goodwill or other intangible assets and deferred tax liability related to these items (-)	68.471
Net deferred tax asset/liability (-)	27.886
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	--
Direct and indirect investments of the Bank in its own Core Capital (-)	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Core Capital of the Bank (-)	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Core Capital of the Bank (-)	--
Portion of mortgage servicing rights exceeding 10% of the Core Capital (-)	--
Portion of deferred tax assets based on temporary differences exceeding 10% of the Core Capital (-)	--
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	--
Excess amount arising from the net long positions of investments in core capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	--
Excess amount arising from mortgage servicing rights (-)	--
Excess amount arising from deferred tax assets based on temporary differences (-)	--
Other items to be defined by the BRSA (-)	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	--
<b>Total Deductions From Core Capital</b>	<b>847.363</b>
<b>Total Common Equity</b>	<b>8.091.347</b>
<b>ADDITIONAL TIER I CAPITAL</b>	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	--
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	--
Debt instruments and premiums deemed suitable by the BRSA (issued before 1.1.2014)	--
Third parties' share in the Tier I Capital	--
<b>Additional Tier I Capital before Deductions</b>	<b>--</b>
<b>Deductions from Additional Tier I Capital</b>	
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	--
Portion of the total of net long positions of investments made in Additional Tier I Capital and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	--
Other items to be defined by the BRSA (-)	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II is not available (-)	--
<b>Total Deductions From Additional Tier I Capital</b>	<b>--</b>
<b>Total Additional Tier I Capital</b>	<b>--</b>
Deductions from Tier I Capital	144.535
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	102.707
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	41.828
<b>Total Tier I Capital</b>	<b>7.946.812</b>
<b>TIER II CAPITAL</b>	
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	1.679.282
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	2.089.360
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	--
General Loan Loss Provisions	877.326
<b>Tier II Capital Before Deductions</b>	<b>4.645.968</b>
<b>Deductions From Tier II Capital</b>	
Direct and indirect investments of the Bank in its own Tier II Capital (-)	--
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	--
Portion of the total of net long positions of investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	--
Other items to be defined by the BRSA (-)	345.613
<b>Total Deductions from Tier II Capital</b>	<b>345.613</b>
<b>Total Tier II Capital</b>	<b>4.300.355</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	
Loans granted contrary to the 50th and 51th Article of the Law (-)	--
Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)	1.092



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	7.879
Amounts to be deducted from equity as per the 2nd Clause of Article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	--
Other items to be defined by the BRSA (-)	33.430
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	--
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	--
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	--
<b>TOTAL CAPITAL</b>	<b>12.204.766</b>
Amounts below the Excess Limits as per the Deduction Principles	--
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	--
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	--
Amounts arising from mortgage servicing rights	--
Amounts arising from deferred tax assets based on temporary differences	128.624

(\*)Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given in the prior period column has been calculated pursuant to former regulation.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**b. Information on debt instruments included in the calculation of equity**

Issuer	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA	DEXIA CREDIT LOCAL PARIS	DEXIA CREDIT LOCAL PARIS	DEXIA CREDIT LOCAL PARIS
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity" dated 5 September 2013.	"Regulations on Banks' Equity" dated 5 September 2013.	"Regulations on Banks' Equity" dated 5 September 2013.	"Regulations on Banks' Equity" dated 1 November 2006.	"Regulations on Banks' Equity" dated 1 November 2006.	"Regulations on Banks' Equity" dated 1 November 2006.	"Regulations on Banks' Equity" dated 1 November 2006.	"Regulations on Banks' Equity" dated 1 November 2006.
<b>Regulatory treatment</b>								
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Deducted	Deducted	Deducted	Deducted	Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	427	528	1056	1056	1056	140	0	0
Par value of instrument	427	528	1056	1056	1056	703	457	176
Accounting classification	3470102	3470102	3470102	3470102	3470102	3470102	3470102	3470102
Original date of issuance	30.09.2014	30.04.2014	31.01.2014	30.09.2013	28.06.2013	27.02.2008	27.09.2007	28.06.2007
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.	None.	None.	None.	None.
<b>Dividend/Coupon Payments</b>								
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Floating	Floating	Floating
Coupon rate and any related index	First five year 6.2%, after rs +5.64	First five year 7.93%, after rs +6.12	7.5%	7.49%	6.10%	Labor + 2.90%	Labor + 2.10%	Labor + 2.10%
Existence of a dividend stopper	None.	None.	None.	None.	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.	None.	None.	None.	None.
Noncumulative or cumulative	--	--	--	--	--	--	--	--
<b>Convertible or non-convertible</b>								
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	None.	None.	None.
If convertible, fully or partially	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.	--	--	--
If convertible, conversion rate	--	--	--	--	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--	--	--	--	--
<b>Write-down feature</b>								
If write-down, write-down trigger(s)	None.	None.	None.	None.	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--	--	--	--	--
If write-down, permanent or temporary	--	--	--	--	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Not Possessed.	Not Possessed.	Not Possessed.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--	--	Article 8/2 (g)	Article 8/2 (g)	Article 8/2 (g)

- c. Main difference between “Equity” amount mentioned in equity statement and “Equity” amount in consolidated balance sheet sources from general provisions and subordinated credits. The portion of main amount to credit risk of general provision up to 1,25% and subordinated credits are considered as supplementary capital in the calculation of “Equity” amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Seed Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets, net carrying value of properties acquired in return for receivables and kept for over 5 years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.

## **II. Explanations related to the credit risk and risk management**

### **a. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals**

Credit risk is the risk that the counterparties of the Bank may be unable to meet in full or part their commitments arising from contracts and cause to incur losses.

Credit risk limits of the customers are determined based on the customers’ financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice presidents responsible from loans, the general manager, the credit committee and the Board of Directors; on condition that they are in compliance with the related regulations.

Credit risk limits are determined for debtors or group of debtors. Credit risk limits of the debtors, group of debtors and sectors are monitored on a weekly basis.

### **Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis**

Risk limits and allocations relating to daily transactions are monitored on a daily basis. Off-balance sheet risk concentrations are monitored by on-site and off-site investigations.

### **Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables**

The Group targets a healthy loan portfolio and in order to meet its target there are process instructions, follow-up and control procedures, close monitoring procedures and risk classifications for loans in accordance with the banking legislation.

In order to prevent the loans becoming non-performing either due to cyclical changes or structural problems, the potential problematic customers are determined through the analysis of early warning signals, and the probable performance problems are aimed to be resolved at an early stage.

It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities, bills of exchange and sureties of the persons and companies.

### **Descriptions of past due and impaired loans as per the accounting practices**

Loans which were transferred to second group loans based on the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables By Banks and Provisions to be Set Aside” and whose principal and interest payments were not realized at the relevant due dates are regarded as past due loans by the Bank. Loans whose principal and interest payments were late for more than 90 days and the loans whose debtors have suffered deterioration in their creditworthiness as per the Bank’s evaluations are regarded as impaired loans.

### **Methods and approaches regarding valuation adjustments and provisions**

Based on the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables By Banks and Provisions to be Set Aside” the Bank calculates general provision for past due loans and specific provision for impaired loans.

### **Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types**

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Corporate and commercial credit risks are evaluated according to the Bank's internal assessment ("rating") system; which complies with the Basel II model; and classified according to their probability of default. Ratings of corporate and commercial loans portfolio is presented below:

Rating/Scoring Grades	Current Period	Prior Period
Above Average	%49	%48
Average	%37	%40
Below Average	%11	%9
Unrated	%3	%3

The Bank applies a different assessment method ("scoring") for consumer and SME credit risks. Ratings compatible with Basel II model is presented below:

Rating/Scoring Grades	Current Period	Prior Period
Above Average	%33	%35
Average	%33	%33
Below Average	%34	%32

Risk Classification	Current Period (*)	Average (**)
1 Conditional and unconditional receivables from central governments and Central Banks	24.479.544	22.571.655
2 Conditional and unconditional receivables from regional or local governments	490.682	599.819
3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	--	1
4 Conditional and unconditional receivables from multilateral development banks	--	--
5 Conditional and unconditional receivables from international organizations	--	--
6 Conditional and unconditional receivables from banks and brokerage houses	5.863.312	3.941.564
7 Conditional and unconditional receivables from corporate	33.850.795	32.970.460
8 Conditional and unconditional receivables from retail portfolios	34.127.937	27.554.783
9 Conditional and unconditional receivables secured by mortgages	5.068.023	4.778.779
10 Conditional and unconditional receivables secured by mortgages	7.428.560	6.298.227
11 Past due receivables	1.019.509	820.098
12 Receivables defined in high risk category by BRSA	--	789.084
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate	--	--
15 Investments similar to collective investment funds	2.255	1.995
16 Other receivables	3.627.025	7.621.347
17 Equity security investments	5.308.316	442.360
<b>18 Total</b>	<b>121.265.958</b>	<b>108.390.172</b>

(\*) Includes risk amounts in banking book before the effect of credit risk mitigation but after the credit conversions.

(\*\*) Arithmetical average of the amounts in quarterly reports prepared after the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank dated 28 June 2012.

- b. **Information on the control limits of the Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions**

The Bank has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

- c. **Information on whether the Bank decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not**

Forward transactions can be realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

- d. **Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not**

Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.

**Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not**

Loans that are renewed and rescheduled are included in a new rating group as determined by the risk management system, other than the follow-up plan defined in the banking regulations.

Long term commitments are accepted as having more risk than short term commitments which results in a diversification of risk and are monitored periodically.

**e. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities**

There is no significant credit risk since the Bank's foreign operations and credit transactions are conducted in OECD and EU member countries in considering their economic climate.

**Evaluation of the Bank's competitive credit risk as being an active participant in the international banking transactions market**

Being an active participant in the international banking transactions market, the Bank does not have significant credit risk as compared to other financial institutions.

**f. The Bank's**

**1. The share of the top 100 and 200 cash loan customers in the total cash loans portfolio**

The share of the top 100 and 200 cash loan customers comprises 20% and 24% of the total cash loans portfolio (31 December 2015: 18%, 22%).

**2. The share of the top 100 and 200 non-cash loan customers in the total loan non-cash loans portfolio**

The share of the top 100 and 200 non-cash loan customers comprises 46% and 58% of the total non-cash loans portfolio (31 December 2015: 47%, 59%).

**3. The share of the total cash and non-cash loan balance of the top 100 and 200 loan customers in the total assets and off-balance sheet items**

The share of the total cash and non-cash loans from its top 100 and 200 loan customers comprise 15% and 20% of the total assets and off-balance sheet items (31 December 2015: 16%, 20%).

**g. The Bank's general loan provision for its loans**

As at 31 December 2016, The Bank's general loan provision amounts to TL 1.277.781 (31 December 2015: TL 984.209).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**h. Profile of significant exposures in major regions**

Current Period	Risk Classifications (*)/(**)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	25.103.011	481.317	--	--	--	807.587	15.523.791	30.614.664	4.769.121	6.609.639	934.963	--	--	--	1.187	3.624.329	3.930	88.473.539
European Union Countries	--	--	--	--	--	2.465.777	287.186	60.413	37.472	1.182	23.034	--	--	--	--	2.641	--	2.877.705
OECD Countries	--	--	--	--	--	20.076	25	4.510	2.774	--	13	--	--	--	--	--	--	27.398
Off-Shore Banking Regions	--	--	--	--	--	124	37	3.264	2.230	466	--	--	--	--	--	--	--	6.121
USA, Canada	--	--	--	--	--	124.066	--	2.934	1.524	115	39	--	--	--	--	--	--	128.678
Other Countries	--	--	--	--	--	395.426	430.376	43.788	50.026	9.966	1.555	--	--	--	--	49	--	931.186
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	5.304.386	5.304.386
Unallocated Assets/Liabilities	179.023	8.671	--	--	--	2.048.295	16.105.027	2.446.107	163.591	781.709	56.822	--	--	--	1.068	--	--	21.790.313
<b>Total</b>	<b>25.282.034</b>	<b>489.988</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.861.351</b>	<b>32.346.442</b>	<b>33.175.680</b>	<b>5.026.738</b>	<b>7.403.077</b>	<b>1.016.426</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2.255</b>	<b>3.627.019</b>	<b>5.308.316</b>	<b>119.539.326</b>

Prior Period	Risk Classifications (*)/(**)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	21.301.214	744.453	--	--	--	1.408.213	17.050.340	18.500.083	4.681.503	4.382.910	668.134	4.549.207	--	--	--	2.686.080	--	75.972.137
European Union Countries	--	--	--	--	--	700.819	363.304	48.967	38.120	4.196	3.131	4.246	--	--	--	--	--	1.162.783
OECD Countries	--	--	--	--	--	16.474	--	3.833	2.909	320	--	215	--	--	--	--	--	23.751
Off-Shore Banking Regions	--	--	--	--	--	1.154	13.917	671	3.655	30	--	119	--	--	--	--	--	19.546
USA, Canada	--	--	--	--	--	161.449	--	2.378	1.566	--	58	543	--	--	--	--	--	165.994
Other Countries	--	--	--	--	--	20.250	147.092	34.757	53.560	6.042	957	1.825	--	--	--	19	--	264.502
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	3.951.185	--	3.951.185
Unallocated Assets/Liabilities	288.959	4.413	1	--	--	2.515.511	13.970.825	4.282.778	77.146	325.723	--	1	--	--	571	142.822	--	21.608.750
<b>Total</b>	<b>21.590.173</b>	<b>748.866</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>4.823.870</b>	<b>31.545.478</b>	<b>22.873.467</b>	<b>4.858.459</b>	<b>4.719.221</b>	<b>672.280</b>	<b>4.556.156</b>	<b>--</b>	<b>--</b>	<b>571</b>	<b>6.780.106</b>	<b>--</b>	<b>103.168.648</b>

(\*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- |  |   |
|--|---|
| <p>1: Conditional and unconditional receivables from central governments and Central Banks</p> <p>2: Conditional and unconditional receivables from regional or local governments</p> <p>3: Conditional and unconditional receivables from administrative bodies and non-commercial enterprises</p> <p>4: Conditional and unconditional receivables from multilateral development banks</p> <p>5: Conditional and unconditional receivables from international organizations</p> <p>6: Conditional and unconditional receivables from banks and brokerage houses</p> <p>7: Conditional and unconditional receivables from corporates</p> <p>8: Conditional and unconditional receivables from retail portfolios</p> <p>9: Conditional and unconditional receivables secured by mortgages</p> | <p>10: Conditional and unconditional receivables secured by mortgages</p> <p>11: Past due receivables</p> <p>12: Receivables defined in high risk category by BRSA</p> <p>13: Securities collateralized by mortgages</p> <p>14: Short-term receivables from banks, brokerage houses and corporates</p> <p>15: Investments similar to collective investment funds</p> <p>16: Other receivables</p> <p>17: Equity security transactions</p> |
|--|---|

(\*\*) OECD countries except for EU countries, USA and Canada

(\*\*\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**i. Risk Profile by Sectors or Counterparties**

Current Period: 31 December 2016	Risk Classifications (*)/(**)																	TL	YP	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
<b>Agricultural</b>	<b>22.268</b>	--	--	--	--	--	<b>406.313</b>	<b>7.430.999</b>	<b>136.235</b>	<b>886.171</b>	<b>56.644</b>	--	--	--	--	<b>1</b>	--	<b>8.780.391</b>	<b>158.240</b>	<b>8.938.631</b>
Farming and Cattle	21.699	--	--	--	--	--	402.581	7.418.211	135.944	884.881	56.415	--	--	--	--	1	--	8.771.142	148.590	8.919.732
Forestry	43	--	--	--	--	--	--	3.000	241	779	74	--	--	--	--	--	--	3.369	768	4.137
Fishing	526	--	--	--	--	--	3.732	9.788	50	511	155	--	--	--	--	--	--	5.880	8.882	14.762
<b>Manufacturing</b>	<b>263.208</b>	<b>3</b>	--	--	--	--	<b>12.071.432</b>	<b>1.628.861</b>	<b>219.599</b>	<b>911.990</b>	<b>139.440</b>	--	--	--	--	<b>13</b>	--	<b>4.607.009</b>	<b>10.627.537</b>	<b>15.234.546</b>
Mining	6.444	3	--	--	--	--	2.623.729	106.575	13.702	61.459	8.368	--	--	--	--	--	--	466.680	2.353.600	2.820.280
Production	256.116	--	--	--	--	--	7.575.702	1.514.180	199.589	827.138	68.019	--	--	--	--	11	--	3.553.101	6.887.654	10.440.755
Electric, Gas, Water	648	--	--	--	--	--	1.872.001	8.106	6.308	23.393	63.053	--	--	--	--	2	--	587.228	1.386.283	1.973.511
<b>Construction</b>	<b>65.070</b>	<b>2.721</b>	--	--	--	--	<b>5.906.836</b>	<b>969.454</b>	<b>353.924</b>	<b>861.374</b>	<b>79.705</b>	--	--	--	--	<b>10</b>	--	<b>4.664.653</b>	<b>3.574.441</b>	<b>8.239.094</b>
<b>Services</b>	<b>13.463.923</b>	<b>7.133</b>	--	--	--	<b>5.861.351</b>	<b>9.707.935</b>	<b>6.164.365</b>	<b>803.599</b>	<b>3.718.805</b>	<b>372.886</b>	--	--	--	--	<b>2.793</b>	<b>5.294.747</b>	<b>18.443.084</b>	<b>26.954.453</b>	<b>45.397.537</b>
Wholesale and Retail Trade	357.064	1	--	--	--	--	3.659.853	4.688.411	493.607	1.253.057	263.736	--	--	--	--	132	--	8.203.064	2.512.797	10.715.861
Hotel and Restaurant Services	21.422	--	--	--	--	--	1.242.695	222.091	111.468	1.644.098	26.799	--	--	--	--	--	--	1.381.798	1.886.775	3.268.573
Transportation and telecommunication	58.988	--	--	--	--	--	2.866.239	920.299	131.709	373.819	61.152	--	--	--	--	3	2.800	2.320.143	2.094.866	4.415.009
Financial institution	13.011.624	26	--	--	--	5.861.351	562.203	59.097	9.237	139.651	5.085	--	--	--	--	2.654	5.291.947	4.855.451	20.087.424	24.942.875
Real estate and letting services	3.154	1.512	--	--	--	--	85.618	102.851	23.642	12.692	3.427	--	--	--	--	1	--	203.632	29.265	232.897
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	3.024	5.594	--	--	--	--	532.830	64.862	19.940	153.922	3.973	--	--	--	--	--	--	739.763	44.382	784.145
Health and social services	8.647	--	--	--	--	--	758.497	106.754	13.996	141.566	8.714	--	--	--	--	3	--	739.233	298.944	1.038.177
<b>Other</b>	<b>11.467.565</b>	<b>480.131</b>	--	--	--	--	<b>4.253.926</b>	<b>16.982.001</b>	<b>3.513.381</b>	<b>1.024.737</b>	<b>367.751</b>	--	--	--	<b>2.255</b>	<b>3.624.202</b>	<b>13.569</b>	<b>34.912.196</b>	<b>6.817.322</b>	<b>41.729.518</b>
<b>Total</b>	<b>25.282.034</b>	<b>489.988</b>	--	--	--	<b>5.861.351</b>	<b>32.346.442</b>	<b>33.175.680</b>	<b>5.026.738</b>	<b>7.403.077</b>	<b>1.016.426</b>	--	--	--	<b>2.255</b>	<b>3.627.019</b>	<b>5.308.316</b>	<b>71.407.333</b>	<b>48.131.993</b>	<b>119.539.326</b>

(\*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- |  |  |
|--|--|
| 1: Conditional and unconditional receivables from central governments and Central Banks                | 10: Conditional and unconditional receivables secured by mortgages     |
| 2: Conditional and unconditional receivables from regional or local governments                        | 11: Past due receivables   |
| 3: Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 12: Receivables defined in high risk category by BRSA                  |
| 4: Conditional and unconditional receivables from multilateral development banks                       | 13: Securities collateralized by mortgages                             |
| 5: Conditional and unconditional receivables from international organizations                          | 14: Short-term receivables from banks, brokerage houses and corporates |
| 6: Conditional and unconditional receivables from banks and brokerage houses                           | 15: Investments similar to collective investment funds                 |
| 7: Conditional and unconditional receivables from corporates   | 16: Other receivables  |
| 8: Conditional and unconditional receivables from retail portfolios                                    | 17: Equity security transactions                                       |
| 9: Conditional and unconditional receivables from retail portfolios                                    |  |

(\*\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Prior Period:31 December 2015	Risk Classifications (*)(**)																	TL	YP	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
Agricultural	--	--	--	--	--	--	585.828	4.895.619	67.731	784.710	30.467	3.248	--	--	--	--	--	6.199.882	167.721	6.367.603	
Farming and Cattle	--	--	--	--	--	--	582.946	4.890.236	67.466	781.120	30.174	3.240	--	--	--	--	--	6.190.963	164.219	6.355.182	
Forestry	--	--	--	--	--	--	210	2.740	145	119	53	4	--	--	--	--	--	3.271	--	3.271	
Fishing	--	--	--	--	--	--	2.672	2.643	120	3.471	240	4	--	--	--	--	--	5.648	3.502	9.150	
Manufacturing	--	3	--	--	--	--	10.443.729	914.390	141.316	573.544	51.765	6.675	--	--	--	--	--	4.695.163	7.436.259	12.131.422	
Mining	--	3	--	--	--	--	2.082.888	69.301	13.361	38.980	10.411	193	--	--	--	--	--	492.658	1.722.479	2.215.137	
Production	--	--	--	--	--	--	6.743.520	841.912	126.119	509.526	40.245	4.593	--	--	--	--	--	3.705.950	4.559.965	8.265.915	
Electric, Gas, Water	--	--	--	--	--	--	1.617.321	3.177	1.836	25.038	1.109	1.889	--	--	--	--	--	496.555	1.153.815	1.650.370	
Constuction	--	7.583	--	--	--	--	6.293.930	456.121	251.665	712.236	35.072	3.289	--	--	--	10.883	--	4.122.343	3.648.436	7.770.779	
Services	21.590.173	2.090	--	--	--	--	4.823.870	9.535.210	4.511.830	544.437	1.816.106	226.145	13.464	--	--	--	4.063.270	24.308.796	22.817.799	47.126.595	
Wholesale and Retail Trade	--	1	--	--	--	--	4.595.546	3.440.477	370.060	883.950	170.368	11.227	--	--	--	--	--	7.477.627	1.994.002	9.471.629	
Hotel and Restaurant Services	--	--	--	--	--	--	1.123.671	169.302	43.830	467.038	10.304	285	--	--	--	--	--	1.182.769	631.661	1.814.430	
Transportation and telecommunication	--	18	--	--	--	--	2.151.700	701.666	87.262	187.031	11.646	1.396	--	--	--	--	--	2.130.474	1.010.245	3.140.719	
Financial institution	21.590.173	80	--	--	--	--	4.823.870	284.171	35.434	5.360	62.968	4.544	10	--	--	--	4.063.270	11.925.558	18.944.322	30.869.880	
Real estate and letting services	--	1.991	--	--	--	--	94.850	77.844	16.685	11.065	2.168	439	--	--	--	--	--	202.936	2.106	205.042	
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Education services	--	--	--	--	--	--	653.770	33.972	9.591	115.558	1.183	53	--	--	--	--	--	768.251	45.876	814.127	
Health and social services	--	--	--	--	--	--	631.502	53.135	11.649	88.496	25.932	54	--	--	--	--	--	621.181	189.587	810.768	
Other	--	739.190	1	--	--	--	4.686.781	12.095.507	3.853.311	832.624	328.831	4.529.480	--	--	571	2.705.953	--	26.071.711	3.700.538	29.772.249	
Total	21.590.173	748.866	1	--	--	--	4.823.870	31.545.478	22.873.467	4.858.460	4.719.220	672.280	4.556.156	--	--	571	6.780.106	--	65.397.895	37.770.753	103.168.648

(\*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- |  |  |
|--|--|
| 1: Conditional and unconditional receivables from central governments and Central Banks                | 10: Conditional and unconditional receivables secured by mortgages     |
| 2: Conditional and unconditional receivables from regional or local governments                        | 11: Past due receivables   |
| 3: Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 12: Receivables defined in high risk category by BRSA                  |
| 4: Conditional and unconditional receivables from multilateral development banks                       | 13: Securities collateralized by mortgages                             |
| 5: Conditional and unconditional receivables from international organizations                          | 14: Short-term receivables from banks, brokerage houses and corporates |
| 6: Conditional and unconditional receivables from banks and brokerage houses                           | 15: Investments similar to collective investment funds                 |
| 7: Conditional and unconditional receivables from corporates   | 16: Other receivables  |
| 8: Perakende alacaklar   | 17: Equity security transactions                                       |
| 9: Conditional and unconditional receivables from retail portfolios                                    |  |

(\*\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**j. Analysis of maturity-bearing exposures according to remaining maturities**  
**Current Period**

<b>Risk calssifications</b>	<b>Undistributed (*)</b>	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 Year</b>
1 Conditional and unconditional receivables from central governments and Central Banks	2.885.359	10.303.014	54.703	8.112	420.364	11.610.482
2 Conditional and unconditional receivables from regional or local governments	--	255	3.186	9.197	21.830	455.520
3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4 Conditional and unconditional receivables from multilateral development banks	--	--	--	--	--	--
5 Conditional and unconditional receivables from international organizations	--	--	--	--	--	--
6 Conditional and unconditional receivables from banks and brokerage houses	899.487	3.044.849	193.896	310.992	99.504	1.312.623
7 Conditional and unconditional receivables from corporate	62.590	5.128.420	2.061.169	2.217.023	4.172.125	18.705.115
8 Conditional and unconditional receivables from retail portfolios	1.777	6.534.317	1.440.821	2.203.315	5.524.371	17.471.079
9 Conditional and unconditional receivables secured by mortgages	--	201.376	142.722	200.275	277.489	4.204.876
10 Conditional and unconditional receivables secured by mortgages	--	530.598	456.847	422.216	586.906	5.406.510
11 Past due receivables	999.224	3.918	2	3	6	13.273
12 Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	2.089	--	--	166	--
16 Other receivables	3.627.019	--	--	--	--	--
17 Equity security investments	5.308.316	--	--	--	--	--
<b>18 Total</b>	<b>13.783.772</b>	<b>25.748.836</b>	<b>4.353.346</b>	<b>5.371.133</b>	<b>11.102.761</b>	<b>59.179.478</b>

(\*) Drawing amounts are included.

**Prior Period**

<b>Risk calssifications</b>	<b>Undistributed (*)</b>	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 Year</b>
1 Conditional and unconditional receivables from central governments and Central Banks	1.449.612	8.551.230	207.563	249.004	417.712	10.715.052
2 Conditional and unconditional receivables from regional or local governments	--	186	1.715	2.167	39.557	705.241
3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	1
4 Conditional and unconditional receivables from multilateral development banks	--	--	--	--	--	--
5 Conditional and unconditional receivables from international organizations	--	--	--	--	--	--
6 Conditional and unconditional receivables from banks and brokerage houses	892.009	2.406.343	202.910	115.068	65.314	1.142.226
7 Conditional and unconditional receivables from corporate	112.929	4.628.554	2.392.646	3.029.139	6.025.788	15.356.422
8 Conditional and unconditional receivables from retail portfolios	87	6.295.669	953.867	1.717.795	5.388.456	8.517.593
9 Conditional and unconditional receivables secured by mortgages	--	132.762	97.014	122.164	156.586	4.349.933
10 Conditional and unconditional receivables secured by mortgages	--	324.111	175.836	303.755	400.705	3.514.814
11 Past due receivables	663.363	2.803	31	48	12	6.023
12 Receivables defined in high risk category by BRSA	65.202	167.006	--	--	--	4.323.948
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	432	--	139	--	--
16 Other receivables	6.637.284	23.324	8.533	1.347	6.793	102.825
17 Equity security investments	--	--	--	--	--	--
<b>18 Total</b>	<b>9.820.486</b>	<b>22.532.420</b>	<b>4.040.115</b>	<b>5.540.626</b>	<b>12.500.923</b>	<b>48.734.078</b>

(\*) Drawing amounts are included.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**k. Risk Classifications**

The Bank has simplified its application through only considering credit grades of Fitch rating agency as of July 2016 through making a notification to Risk Centre on 1 July 2016 in order to limit variability generated by using multiple credit rating agencies (CRA) on legal rates.

The scope, in which the credit rating grades are taken into consideration, covers receivables from governments or central banks and receivables from banks and intermediary institutions and corporate receivables for those having residence abroad.

**Current Period**

Credit Quality Grade	Risk Rating		Risk Classifications		
	Fitch	Receivables from Central Governments or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	%0	%20	%20	%20
	AA+				
	AA				
	AA-				
2	A+	%20	%20	%50	%50
	A				
	A-				
	BBB+				
3	BBB	%50	%20	%50	%100
	BBB-				
	BB+				
	BB				
4	BB-	%100	%50	%100	%100
	B+				
	B				
	B-				
5	CCC	%100	%50	%100	%150
	CC				
	C				
	D				
6		%150	%150	%150	%150

**Prior Period**

Credit Quality Grade	Risk Rating			Risk Classifications		
	Fitch	Moody's	S&P	Receivables from Banks and Brokerage Houses		Corporate Receivables
				Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	Aaa	AAA	%20	%20	%20
	AA+	Aa1	AA+			
	AA	Aa2	AA			
	AA-	Aa3	AA-			
2	A+	A1	A+	%20	%50	%50
	A	A2	A			
	A-	A3	A-			
	BBB+	Baa1	BBB+			
3	BBB	Baa2	BBB	%20	%50	%100
	BBB-	Baa3	BBB-			
	BB+	Ba1	BB+			
	BB	Ba2	BB			
4	BB-	Ba3	BB-	%50	%100	%100
	B+	B1	B+			
	B	B2	B			
	B-	B3	B-			
5		Caa1	CCC+	%100	%100	%150
6	CCC	Caa2	CCC	%150	%150	%150
		Caa3	CCC-			
	CC	Ca	CC			
	C	C	C			

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**I. Exposures by risk weights**

**Current Period**

Risk Weight	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%1250	Equity Deduction
Exposures before												
Credit Risk	12.192.857	--	3.303.775	--	17.584.405	39.971.681	47.948.103	182.033	--	83.104	--	1.572.871
Mitigation												
Exposures after												
Credit Risk	12.995.350	--	3.303.741	5.026.737	23.973.294	32.845.538	41.132.525	179.037	--	83.104	--	1.572.871
Mitigation												

**Prior Period**

Risk Weight	%0	%10	%20	%50	%75	%100	%150	%200	%250	Equity Deduction
Exposures before										
Credit Risk Mitigation	21.330.309	--	3.017.252	3.637.106	26.960.726	43.711.321	1.829.605	2.765.162	17.167	1.379.912
Exposures after										
Credit Risk Mitigation	21.330.309	--	3.017.252	12.189.646	21.334.224	39.257.118	1.808.492	2.737.163	17.167	1.379.912

**m. Information by major sectors and type of counterparties**

Impaired Loans; are the loans either overdue for more than 90 days or loans regarded as impaired due to their creditworthiness. For such loans, "specific provisions" are allocated as per the Provisioning Regulation.

Past Due Loans; are the loans those are overdue up to 90 days but not impaired. For such loans, "general provisions" are allocated as per the Provisioning Regulation.

Current Period: 31 December 2016

Important Sectors/Counterparties	Loans		Value Adjustments(*)	Provisions(**)
	Impaired	Past Due		
<b>Agricultural</b>	<b>176.447</b>	<b>340.760</b>	<b>10.174</b>	<b>121.770</b>
Farming and Cattle	173.778	338.771	10.109	119.306
Forestry	242	242	6	175
Fishing	2.427	1.747	59	2.289
<b>Manufacturing</b>	<b>299.439</b>	<b>599.580</b>	<b>20.567</b>	<b>170.503</b>
Mining	30.620	68.803	1.578	22.678
Production	186.677	499.988	18.288	127.285
Electric, Gas, Water	82.142	30.789	701	20.540
<b>Constuction</b>	<b>197.016</b>	<b>233.309</b>	<b>7.232</b>	<b>136.937</b>
<b>Services</b>	<b>1.082.879</b>	<b>2.364.961</b>	<b>89.677</b>	<b>730.039</b>
Wholesale and Retail Trade	721.972	634.089	18.493	473.365
Hotel and Restaurant Services	37.850	1.089.073	46.353	14.111
Transportation and telecommunication	208.386	359.467	12.212	148.123
Financial institution	9.353	174.919	7.991	4.362
Real estate and letting services	9.431	8.692	217	6.109
Self-employment services	--	--	--	--
Education services	19.645	3.610	89	15.784
Health and social services	76.242	95.111	4.322	68.185
<b>Other</b>	<b>1.536.430</b>	<b>2.714.903</b>	<b>132.695</b>	<b>1.188.764</b>
<b>Total</b>	<b>3.292.211</b>	<b>6.253.513</b>	<b>260.345</b>	<b>2.348.013</b>

(\*) Representing the general provision of past due loans.

(\*\*) Representing specific provision amounts.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Prior Period: 31 December 2015

Important Sectors/Counterparties	Loans		Value Adjustments(*)	Provisions(**)
	Impaired	Past Due		
<b>Agricultural</b>	<b>202.461</b>	<b>509.323</b>	<b>15.135</b>	<b>146.677</b>
Farming and Cattle	201.990	507.985	15.084	146.460
Forestry	90	75	1	53
Fishing	381	1.263	50	164
<b>Manufacturing</b>	<b>148.105</b>	<b>455.772</b>	<b>18.616</b>	<b>97.851</b>
Mining	43.359	14.462	352	29.468
Production	99.957	353.321	14.288	66.588
Electric, Gas, Water	4.789	87.989	3.976	1.795
<b>Constuction</b>	<b>142.906</b>	<b>93.612</b>	<b>2.393</b>	<b>106.098</b>
<b>Services</b>	<b>580.161</b>	<b>981.245</b>	<b>33.547</b>	<b>364.666</b>
Wholesale and Retail Trade	396.187	317.426	8.643	234.601
Hotel and Restaurant Services	16.559	120.440	4.320	6.453
Transportation and telecommunication	52.892	410.418	15.708	42.076
Financial institution	14.977	6.859	141	10.508
Real estate and letting services	3.369	4.491	108	1.882
Self-employment services	--	--	--	--
Education services	2.595	24.632	677	1.487
Health and social services	93.582	96.979	3.950	67.659
<b>Other</b>	<b>1.608.415</b>	<b>1.784.826</b>	<b>100.444</b>	<b>1.238.089</b>
<b>Total</b>	<b>2.682.048</b>	<b>3.824.778</b>	<b>170.135</b>	<b>1.953.381</b>

(\*) Representing the general provision of past due loans.

(\*\*) Representing specific provision amounts.

**Movements in valuation adjustments and provisions**

Current Period: 31 December 2016	Opening Balance	Charge fort he period	Releases for provisions	Other Adjustments(*)	Ending Balance
Specific Provisions	1.953.381	1.183.916	(236.382)	(552.902)	2.348.013
General Provisions	984.209	293.572	--	--	1.277.781

(\*) Representing sales from the past due loans portfolio.

Prior Period: 31 December 2015	Opening Balance	Charge fort he period	Releases for provisions	Other Adjustments(*)	Ending Balance
Specific Provisions	1.171.475	958.000	(173.249)	(2.845)	1.953.381
General Provisions	820.581	163.288	--	--	984.209

(\*) Representing sales from the past due loans portfolio.

**n. Risk involved in counter-cyclical capital buffer calculation:**

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	66.359.794	8.399	66.368.193
Austria	4.371.443	--	4.371.443
Malta	302.051	--	302.051
Cyprus	298.203	--	298.203
Other	839.382	--	839.382

**o. Distribution of credit risk according to the operational segments**

Current Period: 31 December 2016	Commercial Loans (*)	Consumer Loans	Credit Cards	Total
Standard Loans	37.737.654	12.083.662	4.801.357	54.622.673
Closely Monitored Loans	4.777.672	1.190.519	285.322	6.253.513
Non-performing Loans	1.978.571	842.254	471.386	3.292.211
Specific Provisions(-)	1.306.918	648.231	392.864	2.348.013
<b>Total</b>	<b>43.186.979</b>	<b>13.468.204</b>	<b>5.165.201</b>	<b>61.820.384</b>

(\*) Commercial loans include commercial, corporate and SME loans.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Prior Period: 31 December 2015	Commercial Loans (*)	Consumer Loans	Credit Cards	Total
Standard Loans	31.466.780	11.195.715	4.132.884	46.795.379
Closely Monitored Loans	2.528.745	1.093.319	202.714	3.824.778
Non-performing Loans	1.261.272	889.383	531.393	2.682.048
Specific Provisions(-)	859.994	662.996	430.391	1.953.381
<b>Total</b>	<b>34.396.803</b>	<b>12.515.421</b>	<b>4.436.600</b>	<b>51.348.824</b>

(\*) Commercial loans include commercial, corporate and SME loans.

The loans of The Bank amounting to TL 38.309.143 (31 December 2015: TL 33.204.407) are collateralized by cash, mortgage, cheques and notes obtained from customers.

### III. Explanations related to the foreign currency exchange rate risk

**a. Foreign exchange risk the Bank is exposed to, related estimations, and the limits set by the Board of Directors of the Bank for positions which are monitored daily**

Foreign currency exchange and parity risks are taken by the Bank within defined value at risk limits. Measurable and manageable risks are taken within legal limits.

Foreign currency exchange rate risk is monitored along with potential evaluation differences in foreign currency transactions in accordance with "Regulation on Bank's Internal Control and Risk Management Systems". Value at Risk approach is used to measure the exchange rate risk and calculations are made on a daily basis.

Based on general economic environment and market conditions the Bank's Board of Directors reviews the risk limits daily and makes changes where necessary.

**b. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives**

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.006 million and US Dollar 6,7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

**c. Foreign exchange risk management strategy**

Foreign currency exchange and parity risks are taken by the Bank within defined value at risk limits. Measurable and manageable risks are taken within legal limits.

**d. The Bank's spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date**

US Dollar purchase rate as at the balance sheet date TL 3,5192  
Euro purchase rate as at the balance sheet date TL 3,7099

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
27 December 2016	3,5135	3,6711
28 December 2016	3,5329	3,6901
29 December 2016	3,5318	3,6939
30 December 2016	3,5192	3,7099
31 December 2016	3,5192	3,7099

**e. The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days prior to the balance sheet date**

The arithmetical average US Dollar and Euro purchase rates for December 2016 are TL 3,0197 and TL 3,3389 respectively.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**f. Information on currency risk**

Current Period	EUR	USD	Other FC <sup>(4)</sup>	Total
<b>Assets</b>				
Cash and Balances with the Central Bank of the Republic of Turkey	3.527.408	7.016.511	1.935.304	12.479.223
Due from Banks and Other Financial Institutions	2.444.692	424.959	81.036	2.950.687
Financial Assets at Fair Value Through Profit or Loss <sup>(1)</sup>	185.418	61.583	--	247.001
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	204.171	935.391	--	1.139.562
Loans <sup>(2)</sup>	5.528.660	10.176.429	745.444	16.450.533
Investments in Subsidiaries and Associates	4.365.906	140.984	--	4.506.890
Investment Securities Held-to-Maturity	--	1.561.104	--	1.561.104
Hedging Purpose Financial Derivatives	--	--	--	--
Tangible Assets	--	4	--	4
Intangible Assets	--	--	--	--
Other Assets <sup>(3)</sup>	232.144	81.069	179.820	493.033
<b>Total Assets</b>	<b>16.488.399</b>	<b>20.398.034</b>	<b>2.941.604</b>	<b>39.828.037</b>
<b>Liabilities</b>				
Bank Deposits	2.387.175	210.978	670.333	3.268.486
Foreign Currency Deposits	11.187.397	12.751.892	858.444	24.797.733
Interbank Money Markets	--	--	--	--
Funds Borrowed from Other Financial Institutions	3.785.407	11.597.616	6.844	15.389.867
Marketable Securities Issued	--	--	--	--
Miscellaneous Payables	223.486	236.293	1.197	460.976
Hedging Purpose Financial Derivatives	--	--	--	--
Other Liabilities <sup>(5)</sup>	223.484	886.997	2.208	1.112.689
<b>Total Liabilities</b>	<b>17.806.949</b>	<b>25.683.776</b>	<b>1.539.026</b>	<b>45.029.751</b>
<b>Net "On Balance Sheet Position"</b>	<b>(1.318.550)</b>	<b>(5.285.742)</b>	<b>1.402.578</b>	<b>(5.201.714)</b>
<b>Net "Off-Balance Sheet Position" <sup>(6)</sup></b>	<b>1.779.276</b>	<b>5.419.879</b>	<b>(1.401.528)</b>	<b>5.797.627</b>
Financial Derivatives (Assets)	11.405.186	21.147.643	943.672	33.496.501
Financial Derivatives (Liabilities)	(9.625.910)	(15.727.764)	(2.345.200)	(27.698.874)
<b>Net Position</b>	<b>460.726</b>	<b>134.137</b>	<b>1.050</b>	<b>595.913</b>
Non-Cash Loans	6.928.290	11.115.471	390.808	18.434.569
<b>Prior Period</b>				
Total Assets	9.167.108	17.283.555	2.370.488	28.821.151
Total Liabilities	12.866.155	23.315.631	1.105.933	37.287.719
<b>Net "On Balance Sheet Position"</b>	<b>(3.699.047)</b>	<b>(6.032.076)</b>	<b>1.264.555</b>	<b>(8.466.568)</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>4.017.120</b>	<b>6.229.812</b>	<b>(1.257.962)</b>	<b>8.988.970</b>
Financial Derivatives (Assets)	14.719.000	24.457.815	835.435	40.012.250
Financial Derivatives (Liabilities)	(10.701.880)	(18.228.003)	(2.093.397)	(31.023.280)
<b>Net Position</b>	<b>318.073</b>	<b>197.736</b>	<b>6.593</b>	<b>522.402</b>
Non-Cash Loans	4.765.432	10.435.291	214.561	15.415.284

(\*) Prior period balances are rearranged retrospectively as a result of equity method implementation.

(1) : Foreign currency differences of derivative assets amounting to TL 235.824 are excluded.

(2) : Foreign currency indexed loans amounting to TL 3.668.858 are included.

(3) : Prepaid expenses amounting to TL 5.294 are excluded.

(4) : There are gold amounts in total assets amounting to TL 1.177.272 and in total liabilities amounting to TL 2.728.172

(5) : Not including the exchange rate difference of TL 174.672 pertaining to derivative financial loans and the FX equity of TL (109.637).

(6) : Net amount of Receivables and Liabilities from financial derivatives is shown on the table. FX SWAP Transactions that reported under the "Financial Assets Purchase Pledges" is included in "Net Off-Balance Sheet Position".

**g. Informations on currency risk exposure**

The table below demonstrates prospective increase and decrease in equities and the statement of income as of 31 December 2016 and 2015 (excluding tax effect) on condition that 10 percent devaluation of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit Loss	Equity	Period Profit Loss	Equity
USD Dollar	9.188	(1.375)	11.051	4.493
Euro	47.701	47.268	22.623	22.433
<b>Total (Net)</b>	<b>56.889</b>	<b>45.893</b>	<b>33.674</b>	<b>26.926</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**IV. Explanations related to the interest rate risk**

**a. Interest rate sensitivity of the assets, liabilities and off-balance sheet items**

Standard method is used in measuring the interest rate risk of assets, liabilities and off-balance sheet items.

**b. The expected effects of the fluctuations of market interest rates on the Bank's financial position and cash flows, the expectations for interest income, and the limits the board of directors has established on daily interest rates**

The Bank relies on sensitivity in determining limits against negative market conditions and monitors the risk within this context. Sensitivity calculations are made and limits are monitored on a weekly basis.

Market interest rates are monitored daily and interest rates are revised where necessary.

**c. The precautions taken for the interest rate risk the Bank was exposed to during the current year and their expected effects on net income and shareholders' equity in the future periods**

The Bank uses sensitivity analysis, historical stress-testing and value at risk methods to analyze and take precautions against interest rate risk faced during current period. Interest sensitivity limits have been defined and limits are being monitored on a weekly basis.

"Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates)":

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash and Balances with the Central Bank of the Republic of Turkey	3.690.408	--	--	--	--	11.070.530	<b>14.760.938</b>
Due from Banks and Other Fin. Inst.	2.517.135	--	130.405	--	--	319.425	<b>2.966.965</b>
Financial Assets at Fair Value Through Profit or Loss	455.140	202.715	270.278	379.738	208.489	9.587	<b>1.525.947</b>
Interbank Money Market Placements	3.001.396	--	--	--	--	--	<b>3.001.396</b>
Investment Securities Av.-for-Sale	155.210	572.961	1.177.057	1.845.210	2.769.411	41.709	<b>6.561.558</b>
Loans	11.460.439	4.571.198	9.121.418	24.635.474	11.087.657	944.198	<b>61.820.384</b>
Investment Securities Held-to-Mat.	1.612.284	290.784	329.400	443.349	2.225.182	--	<b>4.900.999</b>
Other Assets (*)	--	--	--	--	--	7.620.640	<b>7.620.640</b>
<b>Total Assets</b>	<b>22.892.012</b>	<b>5.637.658</b>	<b>11.028.558</b>	<b>27.303.771</b>	<b>16.290.739</b>	<b>20.006.089</b>	<b>103.158.827</b>
<b>Liabilities</b>							
Bank Deposits	2.425.918	795.851	365.707	--	--	78.813	<b>3.666.289</b>
Other Deposits	34.996.980	8.524.166	4.159.941	34.603	--	11.808.949	<b>59.524.639</b>
Interbank Money Market Placements	5.397.576	--	--	--	--	--	<b>5.397.576</b>
Miscellaneous Payables	--	--	--	--	--	1.851.423	<b>1.851.423</b>
Marketable Securities Issued	111.342	403.964	374.035	263.292	--	--	<b>1.152.633</b>
Funds Borrowed from Other Fin. Inst.	2.511.540	4.901.146	2.923.570	1.554.736	4.343.106	--	<b>16.234.098</b>
Other Liabilities (**)	131.045	67.201	92.070	479.037	190.328	14.372.488	<b>15.332.169</b>
<b>Total Liabilities</b>	<b>45.574.401</b>	<b>14.692.328</b>	<b>7.915.323</b>	<b>2.331.668</b>	<b>4.533.434</b>	<b>28.111.673</b>	<b>103.158.827</b>
On Balance Sheet Long Position	--	--	3.113.235	24.972.103	11.757.305	--	<b>39.842.643</b>
On Balance Sheet Short Position	(22.682.389)	(9.054.670)	--	--	--	(8.105.584)	<b>(39.842.643)</b>
Off-Balance Sheet Long Position	3.281.977	3.160.110	2.450.357	4.068.624	4.273.732	--	<b>17.234.800</b>
Off-Balance Sheet Short Position	(2.591.356)	(5.676.746)	(3.397.900)	(2.165.234)	(2.910.824)	--	<b>(16.742.060)</b>
<b>Total Interest Sensitivity Gap</b>	<b>(21.991.768)</b>	<b>(11.571.306)</b>	<b>2.165.692</b>	<b>26.875.493</b>	<b>13.120.213</b>	<b>(8.105.584)</b>	<b>492.740</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates, Tax Assets, Investments in Subsidiaries, Joint Ventures, Assets to be sold and other assets with balances of TL 430.285, TL 188.762, TL 8.654, TL 150.194, TL 5.292.932, TL 2.800, TL 121.513 and TL 1.425.500 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Other External Resources, Provisions, Tax Liabilities with balances of TL 10.561.672, TL 1.945.071, TL 1.694.273, and TL 171.472 respectively.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash and Balances with the Central Bank of the Republic of Turkey	3.360.162	--	--	--	--	7.398.981	<b>10.759.143</b>
Due from Banks and Other Fin. Inst.	1.298.618	207.290	--	--	--	714.648	<b>2.220.556</b>
Financial Assets at Fair Value Through Profit or Loss	48.994	239.947	161.650	549.871	115.599	519	<b>1.116.580</b>
Interbank Money Market Placements	1.200.353	--	--	--	--	--	<b>1.200.353</b>
Investment Securities Av.-for-Sale	215.728	877.520	1.735.851	2.678.795	2.903.701	112.884	<b>8.524.479</b>
Loans	10.119.356	4.222.891	7.938.850	20.258.656	8.080.404	728.667	<b>51.348.824</b>
Investment Securities Held-to-Mat.	1.506.874	225.380	307.994	453.552	747.978	--	<b>3.241.778</b>
Other Assets (*)	--	--	--	--	--	5.808.954	<b>5.808.954</b>
<b>Total Assets</b>	<b>17.750.085</b>	<b>5.773.028</b>	<b>10.144.345</b>	<b>23.940.874</b>	<b>11.847.682</b>	<b>14.764.653</b>	<b>84.220.667</b>
<b>Liabilities</b>							
Bank Deposits	710.713	523.358	145.986	--	--	90.540	<b>1.470.597</b>
Other Deposits	26.079.808	8.516.931	2.142.628	11.564	--	8.366.049	<b>45.116.980</b>
Interbank Money Market Placements	7.184.158	--	--	--	--	--	<b>7.184.158</b>
Miscellaneous Payables	--	--	--	--	--	1.642.761	<b>1.642.761</b>
Marketable Securities Issued	241.632	337.501	249.792	430.273	--	--	<b>1.259.198</b>
Funds Borrowed from Other Fin. Inst.	2.099.659	4.892.557	4.715.487	165.864	3.671.468	--	<b>15.545.035</b>
Other Liabilities (**)	61.277	82.006	32.247	333.605	95.326	11.397.477	<b>12.001.938</b>
<b>Total Liabilities</b>	<b>36.377.247</b>	<b>14.352.353</b>	<b>7.286.140</b>	<b>941.306</b>	<b>3.766.794</b>	<b>21.496.827</b>	<b>84.220.667</b>
On Balance Sheet Long Position	--	--	2.858.205	22.999.568	8.080.888	--	<b>33.938.661</b>
On Balance Sheet Short Position	(18.627.162)	(8.579.325)	--	--	--	(6.732.174)	<b>(33.938.661)</b>
Off-Balance Sheet Long Position	2.161.735	7.312.989	6.862.938	3.587.715	2.778.546	--	<b>22.703.923</b>
Off-Balance Sheet Short Position	(797.619)	(8.445.792)	(3.821.445)	(6.666.571)	(2.120.986)	--	<b>(21.852.413)</b>
<b>Total Interest Sensitivity Gap</b>	<b>(17.263.046)</b>	<b>(9.712.128)</b>	<b>5.899.698</b>	<b>19.920.712</b>	<b>8.738.448</b>	<b>(6.732.174)</b>	<b>851.510</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates, Deferred Tax Assets, Investments in Subsidiaries, Joint Ventures, Assets to be sold and other assets with balances of TL 401.028, TL 171.178, TL 8.654, TL 85.376, TL 3.939.731, TL 2.800, TL 81.860 and TL 1.118.327 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Other External Resources, Provisions, Tax Liabilities with balances of TL 8.269.319, TL 1.773.465, TL 1.206.404, and TL 148.289 respectively.

**d. Average interest rates applied to monetary financial instruments**

Current Period: 31 December 2016	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash and Balances with the Central Bank of the Republic of Turkey	--	0,49	--	5,00
Due from Banks and Other Financial Institutions	0,06	0,63	--	9,38
Financial Assets at Fair Value Through Profit or Loss	1,33	4,95	--	11,22
Interbank Money Market Placements	--	--	--	8,49
Investment Securities Available-for-Sale	2,92	4,46	--	9,06
Loans	5,17	5,90	5,39	16,40
Investment Securities Held-to-Maturity	--	4,68	--	9,52
<b>Liabilities</b>				
Bank Deposits	0,50	1,70	--	11,11
Other Deposits	1,66	2,82	0,30	10,74
Interbank Money Market Placements	--	--	--	8,47
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	9,89
Funds Borrowed from Other Financial Institutions	0,54	2,59	--	9,74
Prior Period: 31 December 2015	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash and Balances with the Central Bank of the Republic of Turkey	--	0,31	--	5,47
Due from Banks and Other Financial Institutions	1,50	0,34	--	11,48
Financial Assets at Fair Value Through Profit or Loss	3,28	5,01	--	9,13
Interbank Money Market Placements	--	--	--	10,74
Investment Securities Available-for-Sale	2,92	4,17	--	8,56
Loans	5,05	5,35	5,29	15,34
Investment Securities Held-to-Maturity	--	4,04	--	9,35
<b>Liabilities</b>				
Bank Deposits	1,00	2,09	--	11,28
Other Deposits	1,67	1,98	0,17	11,92
Interbank Money Market Placements	--	--	--	8,83
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	10,24
Funds Borrowed from Other Financial Institutions	1,48	2,10	--	6,66



**e. Interest rate risk on banking book**

**Nature of interest rate risk resulted from banking book, major assumptions including also early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk**

Interest rate risk resulted from banking book is due to repricing maturity differences of assets and liabilities. Considering repricing maturities, average maturity of asset items is higher than the average maturity of liability items.

Interest risk is evaluated weekly considering size, developments at maturity structure and interest movements relating to asset and liability items. Interest risk exposed by the bank is managed centrally by the asset and liability committee and within the direction of decisions taken, the balance sheet interest sensitivity is aimed at minimum level and insured by interest based derivative contracts.

The effect of potential changes on interest rates to net present value is calculated within the scope of "Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method" and reported monthly.

Measurements performed with Standard Shock Method include all on and off balance sheet items in the "Banking Book" based on the classification as per the statutory accounting and reporting. Maturity assumption relating to demand deposits is overviewed yearly with analyses over at least five year data. By such analyses, the Bank gathers information on average duration of its demand deposits, and the amount and trend of deposit charge offs from different maturity brackets.

**Economic value differences resulted from interest rate instabilities and prepared based on the Bank's non-consolidated financial statements according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method**

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Board of Directors of the Bank in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

The measurement process of interest rate risk resulting from the banking book is designed and managed by the Bank on a bank-only basis to include the interest rate positions defined as banking book by the Bank and to consider the relevant repricing and maturity data. Duration gaps, gaps by maturity brackets and sensitivity analysis are used in monitoring of repricing risk resulting from maturity mismatch. The duration gap and sensitivity analysis are carried out weekly. In the duration gap analysis, the present values of interest-rate-sensitive asset and liability items are calculated using yield curves developed from market interest rates.

In case of instruments with no maturities, the maturity is determined as per interest rate fixing periods and customer behaviors. Such results are supported by sensitivity and scenario analysis applied periodically for possible fluctuations in the markets.

The Bank's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2016.

Current Period: 31 December 2016		Shocks Applied	Gains/Losses	Gains/Equity -Losses/Equity
Type of Currency		(+/- x basis points)		
1	TL	(+) 500 bps	(2.092.692)	(%13,57)
2	TL	(-) 400 bps	2.052.408	%13,31
3	Euro	(+) 200 bps	(83.094)	(%0,54)
4	Euro	(-) 200 bps	136.536	%0,89
5	US Dollar	(+) 200 bps	(74.706)	(%0,48)
6	US Dollar	(-) 200 bps	106.189	%0,69
Total (of positive shocks)			(2.250.492)	(%14,59)
Total (of negative shocks)			2.295.133	%14,89

Prior Period: 31 December 2015	Shocks Applied	Gains/Losses	Gains/Equity
--------------------------------	----------------	--------------	--------------

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Type of Currency	(+/- x basis points)		-Losses/Equity
1 TL	(+) 500 bps	(2.185.416)	(%17,90)
2 TL	(-) 400 bps	2.156.274	%17,67
3 Euro	(+) 200 bps	79.948	%0,66
4 Euro	(-) 200 bps	(74.098)	(%0,61)
5 US Dollar	(+) 200 bps	23.151	%0,19
6 US Dollar	(-) 200 bps	(18.178)	(%0,15)
Total (of positive shocks)		(2.082.317)	(%17,05)
Total (of negative shocks)		2.063.998	%16,91

**V. Position risk of equity shares on banking book**

**a. Comparison of carrying, fair and market values of equity shares**

The Bank does not have associate and subsidiary traded at BIST markets as of 31 December 2016 (31 December 2015: None).

**b. Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capital**

None (31 December 2015: None).

**VI. Explanations related to the liquidity risk**

Liquidity risk can form as a result of significant changes which can happen in market liquidity or a general funding risk. Funding risk states the risk of not meeting cash outflows completely because of maturity mismatch between assets and liabilities while market liquidity risk states the risk of not liquidating assets because of a collision in market conditions or insufficient market depth.

The securities portfolio of the Bank carried in order to liquidity risk management is structured in a way to consist of public securities and treasury stocks issued by Treasury of Turkey in order to reduce liquidity risk sourcing from market to minimum level. Criteria and principles related to security investments which shall be received to this portfolio are committed on paper and approved by the related committee.

Management of risk sourcing from funding presents the fundamental of liquidity management activities of the Bank. Main funding source of the Bank is deposits since it is a more stable funding source compared to other sources and it has a diversification effect. Additionally, security issuance and credit usage activities are performed in order to extend the maturity of funding.

A large majority of Bank's liabilities consist of TL, US Dollar, Euro and gold. The main foreign currency funding source of the Bank is credit received from deposit and credit agencies. Foreign currency liquidity risk is at a low level since the foreign currency sources of the Bank are at a higher level than assets.

The Board of Directors approved "Risk Appetite Disclosure" on 30 March 2016 in order to manage risks in accordance with the Bank's strategy and its financial power. Risk Appetite Disclosure includes limits towards liquidity risks besides other risk limits. Risk appetite limits are reported to senior management monthly in scope of risk management activities.

Short-term liquidity management of the Bank is under the responsibility of Treasury Group. Treasury Group reports to Assets and Liabilities Committee (ALCO) weekly related to liquidity structure. ALCO has an active role in establishing related systems and monitoring and decision making processes regarding liquidity risk management. ALCO is also responsible and authorized for monitoring current liquidity position and legal and internal liquidity indicators and taking decisions related to liquidity management taking risk appetite framework into consideration.

Liquidity risk management is performed as par consolidated and non-consolidated. In this context, liquidity monitoring and management in associates are performed by the related associate and monitored closely by the Bank.

Scenario analyses, including specific conditions having significance with respect to liquidity which have been experienced or which shall possibly be experienced, are performed in order to measure liquidity level under stress conditions. A liquidity level at a sufficient amount to meet all liabilities even under stress conditions is aimed in scope of this scenario analyses through evaluating measures which can be taken. Assumptions related to liquidity stress tests are reviewed annually at minimum. Periodical stress tests are performed within the determined scenarios and liquidity situation is monitored.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

An "Emergency Liquidity Action Plan" is established in order to form a trustable and proactive tracking mechanism which can provide keeping sufficient liquidity reserve under all conditions and to make forecast regarding measures which can be taken against unexpected liquidity squeezes of the Bank. It is approved by the Board of Directors. Emergency Liquidity Action Plan includes target levels towards several liquidity indicators related to liquidity reserves and balance sheet structure besides duties and responsibilities related to liquidity management.

Liquidity coverage rates calculated in accordance with the Regulation on Calculation of Bank's Liquidity Coverage rate published in Official Gazette dated 21 March 2014 and numbered 28948 are as follows. Unconsolidated foreign currency rate calculated for the last three months is at the lowest level in the week of 11 November 136,82 and at the highest level in the week of 30 December 289,66 while the liquidity coverage rate is at the lowest level in the week of 2 December 93,98 and at the highest level in the week of 23 December 122,19.

**a. Liquidity coverage ratio**

Current Period	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
Total High Quality Liquid Assets			16.356.991	8.958.244
<b>CASH OUTFLOWS</b>				
Retail deposits and deposits from small business customers, of which	33.632.490	11.372.473	3.123.369	1.137.247
Stable deposits	4.797.613	--	239.881	--
Less stable deposits	28.834.877	11.372.473	2.883.488	1.137.247
Unsecured wholesale funding, of which	21.003.971	9.079.953	10.991.923	4.995.925
Operational deposits	4.932.393	2.269.416	1.233.098	567.354
Non-operational deposits	13.242.375	5.538.354	6.929.622	3.156.388
Unsecured debt	2.829.203	1.272.183	2.829.203	1.272.183
Secured wholesale funding			57.850	55.495
Additional requirements of which	4.883.559	6.700.421	2.216.773	4.313.308
Outflows related to derivative exposures and other collateral requirements	971.069	3.214.091	971.069	3.214.091
Outflows related to loss of funding on debt products	--	--	--	--
Credit and liquidity facilities	3.912.490	3.486.330	1.245.704	1.099.217
Other contractual funding obligations	3.929.139	929.917	1.475.065	929.917
Other contingent funding obligations	49.980.388	14.229.419	4.166.822	1.425.048
<b>TOTAL CASH OUTFLOWS</b>			<b>22.031.802</b>	<b>12.856.940</b>
<b>CASH INFLOWS</b>				
Secured lending	303.922	--	--	--
Inflows from fully performing exposures	7.536.059	4.009.737	5.645.237	3.741.423
Other cash inflows	382.256	5.109.177	382.256	5.109.177
<b>TOTAL CASH INFLOWS</b>	<b>8.222.237</b>	<b>9.118.914</b>	<b>6.027.493</b>	<b>8.850.600</b>
			<b>Total adjusted value</b>	
<b>TOTAL HQLA</b>			<b>16.356.991</b>	<b>8.958.244</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>16.004.309</b>	<b>4.006.340</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>102,7</b>	<b>209,8</b>

(\*) Average of unconsolidated liquidity coverage rate which is calculated by means of monthly simple arithmetic average for the last three months, average of unconsolidated liquidity coverage rate which is calculated by means of weekly simple arithmetic average for the last three months

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Prior Period	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			13.535.453	8.825.981
<b>CASH OUTFLOWS</b>				
Retail deposits and deposits from small business customers, of				
2 which	28.092.537	10.943.680	2.600.766	1.051.147
3 Stable deposits	4.169.762	864.419	208.488	43.221
4 Less stable deposits	23.922.775	10.079.261	2.392.278	1.007.926
5 Unsecured wholesale funding, of which	18.221.392	9.478.063	9.238.816	4.908.944
6 Operational deposits	4.693.613	2.485.587	1.173.403	621.397
7 Non-operational deposits	11.032.394	5.997.364	5.570.028	3.292.435
8 Unsecured debt	2.495.385	995.112	2.495.385	995.112
9 Secured wholesale funding			--	--
10 Additional requirements of which	3.943.343	6.084.821	1.887.848	4.335.624
Outflows related to derivative exposures and other collateral				
11 requirements	924.915	3.531.166	924.915	3.531.166
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	3.018.428	2.553.655	962.933	804.458
14 Other contractual funding obligations	6.269.234	956.931	1.754.126	956.931
15 Other contingent funding obligations	41.886.583	14.220.790	3.382.768	1.467.098
<b>16 TOTAL CASH OUTFLOWS</b>			<b>18.864.324</b>	<b>12.719.744</b>
<b>CASH INFLOWS</b>				
17 Secured lending	--	--	--	--
18 Inflows from fully performing exposures	4.981.852	1.547.825	3.294.987	1.447.204
19 Other cash inflows	266.248	10.801.819	205.298	10.769.863
<b>20 TOTAL CASH INFLOWS</b>	<b>5.248.100</b>	<b>12.349.644</b>	<b>3.500.285</b>	<b>12.217.067</b>
			<b>Total adjusted value</b>	
<b>21 TOTAL HQLA</b>			<b>13.535.453</b>	<b>8.825.981</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>15.364.039</b>	<b>3.179.936</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>88,2</b>	<b>275,1</b>

(\*) Average of unconsolidated liquidity coverage rate which is calculated by means of monthly simple arithmetic average for the last three months, average of unconsolidated liquidity coverage rate which is calculated by means of weekly simple arithmetic average for the last three months

Calculation table of liquidity coverage rate is reported to BRSA weekly and monitored daily in the Bank.

High quality liquid assets consist of cash assets, reserves kept in Central Bank of Republic of Turkey and unrestricted marketable securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other liabilities without a certain maturity. Additionally, several bank borrowings are shown as cash outflow regardless of their maturity since they include contingent early payment condition. Cash inflows consist of credits having maturity less than 30 day and a certain payment due date and receivables from banks and derivative products.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**b. Presentation of assets and liabilities according to their residual maturities**

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Non-Interest Bearing (*)	Total
<b>Assets</b>								
Cash and Balances with the Central Bank of the Republic of Turkey	4.639.557	10.121.381	--	--	--	--	--	14.760.938
Due from Banks and Other Fin.Inst.	319.425	2.517.135	--	130.405	--	--	--	2.966.965
Financial Assets at Fair Value Through Profit or Loss	9.587	444.621	182.987	258.813	420.382	209.557	--	1.525.947
Interbank Money Market Placements	--	3.001.396	--	--	--	--	--	3.001.396
Investment Securities Av.-for-Sale	41.709	--	333	1.438	3.165.002	3.353.076	--	6.561.558
Loans	--	9.611.811	2.735.931	12.569.050	24.868.719	11.090.675	944.198	61.820.384
Investment Securities Held-to-Maturity	--	--	49.485	--	2.213.269	2.638.245	--	4.900.999
Other Assets	1.258.756	--	--	--	--	--	6.361.884	7.620.640
<b>Total Assets</b>	<b>6.269.034</b>	<b>25.696.344</b>	<b>2.968.736</b>	<b>12.959.706</b>	<b>30.667.372</b>	<b>17.291.553</b>	<b>7.306.082</b>	<b>103.158.827</b>
<b>Liabilities</b>								
Bank Deposits	78.812	2.425.919	795.851	365.707	--	--	--	3.666.289
Other Deposits	11.808.949	34.956.804	8.519.771	4.181.787	57.328	--	--	59.524.639
Funds Borrowed from Other Fin.Inst. and Subordinated Loans	--	667.318	2.168.310	5.193.969	3.366.741	4.837.760	--	16.234.098
Interbank Money Market Placements	--	5.397.576	--	--	--	--	--	5.397.576
Marketable Securities Issued	--	111.343	403.964	374.035	263.291	--	--	1.152.633
Miscellaneous Payables	1.851.423	--	--	--	--	--	--	1.851.423
Other Liabilities	1.188.469	531.969	297.378	397.976	470.105	190.328	12.255.944	15.332.169
<b>Total Liabilities</b>	<b>14.927.653</b>	<b>44.090.929</b>	<b>12.185.274</b>	<b>10.513.474</b>	<b>4.157.465</b>	<b>5.028.088</b>	<b>12.255.944</b>	<b>103.158.827</b>
<b>Net Liquidity Gap</b>	<b>(8.658.619)</b>	<b>(18.394.585)</b>	<b>(9.216.538)</b>	<b>2.446.232</b>	<b>26.509.907</b>	<b>12.263.465</b>	<b>(4.949.862)</b>	<b>--</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>--</b>	<b>329.771</b>	<b>148.954</b>	<b>118.244</b>	<b>(174.798)</b>	<b>--</b>	<b>--</b>	<b>422.171</b>
Financial Derivatives (assets)	--	13.796.602	6.108.878	4.465.281	7.042.618	7.181.466	--	38.594.845
Financial Derivatives (liabilities)	--	(13.466.831)	(5.959.924)	(4.347.037)	(7.217.416)	(7.181.466)	--	(38.172.674)
Non-Cash Loans	--	1.774.649	2.598.212	7.163.301	4.219.993	12.765.875	--	28.522.030
<b>Prior Period</b>								
Total Assets	4.628.249	19.275.927	3.259.221	11.769.563	25.138.666	14.609.819	5.539.222	84.220.667
Total Liabilities	11.211.687	35.180.970	11.376.629	8.253.583	3.951.047	4.771.027	9.475.724	84.220.667
<b>Net Liquidity Gap</b>	<b>(6.583.438)</b>	<b>(15.905.043)</b>	<b>(8.117.408)</b>	<b>3.515.980</b>	<b>21.187.619</b>	<b>9.838.792</b>	<b>(3.936.502)</b>	<b>--</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>--</b>	<b>(21.526)</b>	<b>214.147</b>	<b>114.958</b>	<b>247.157</b>	<b>--</b>	<b>--</b>	<b>554.736</b>
Financial Derivatives (assets)	--	16.908.323	6.120.479	4.173.890	11.200.916	5.065.296	--	43.468.904
Financial Derivatives (liabilities)	--	(16.929.849)	(5.906.332)	(4.058.932)	(10.953.759)	(5.065.296)	--	(42.914.168)
Non-Cash Loans	--	1.480.880	1.781.377	7.239.495	3.673.178	10.099.945	--	24.274.875

(\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short run such as tangible assets, investments in associates, joint ventures and subsidiaries, stationary supplies, non- performing loans (net) and prepaid expenses are included in this column.

**c. Financial liabilities according to agreement maturities**

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>						
Deposits	49.370.740	9.410.046	4.648.169	61.512	--	63.490.467
Funds borrowed	715.712	2.382.364	5.864.633	4.815.582	4.815.683	18.593.974
Interbank Money markets	5.398.898	--	--	--	--	5.398.898
Securities issued	111.783	423.263	415.827	256.403	--	1.207.276
<b>Total</b>	<b>55.597.133</b>	<b>12.215.673</b>	<b>10.928.629</b>	<b>5.133.497</b>	<b>4.815.683</b>	<b>88.690.615</b>
<b>Prior Period</b>						
Total Liabilities	35.282.610	9.124.548	2.361.594	53.350	--	46.822.102
Funds borrowed	922.463	1.931.900	5.941.980	3.818.769	4.277.736	16.892.848
Interbank Money markets	7.184.158	--	--	--	--	7.184.158
Securities issued	165.201	427.058	302.088	388.662	--	1.283.009
<b>Total</b>	<b>43.554.432</b>	<b>11.483.506</b>	<b>8.605.662</b>	<b>4.260.781</b>	<b>4.277.736</b>	<b>72.182.117</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**VII. Explanations related to leverage ratio**

**Information on matters causing difference between leverage ratios of current period and previous period:**

Leverage ratio of Bank is 6,61% as of 31 December 2016 (31 December 2015: 5,98%). This ratio is over minimum ratio. Difference between leverage ratios of current and previous period mainly sources from increase in risk amounts regarding assets on balance sheet.

**Leverage ratio common disclosure template:**

	Current Period (*)	Prior Period (*)
<b>On-balance sheet exposures</b>		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	95.669.014	82.275.249
2 (Assets deducted in determining Basel III Tier 1 capital)	(266.427)	(323.833)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines )	95.402.587	81.951.416
<b>Derivative exposures</b>		
4 Replacement cost	1.342.291	1.224.904
5 Add-on amount	447.238	469.283
6 Total derivative exposures (sum of 4 and 5 lines )	1.789.529	1.694.187
<b>Securities financing transaction exposures</b>		
7 Gross SFT assets (with no recognition of accounting netting)	207.857	34.832
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	207.857	34.832
<b>Other off-balance sheet exposures</b>		
10 Off-balance sheet exposures with gross nominal amount	57.826.184	49.364.523
11 Adjustment amount off-balance sheet exposures with credit conversion factor	(503)	(503)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	57.825.681	49.364.020
<b>Capital and total exposures</b>		
13 Tier 1 capital	10.261.981	7.961.500
14 Total exposures (sum of 3,6,9 and 12 lines)	155.225.654	133.044.455
<b>Leverage ratio</b>		
15 Leverage ratio	6,61	5,98

(\*) Average of the monthly leverage ratios over the quarter.

**VIII. Explanations on Risk Management**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué, notes and explanations have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables, which have to be prepared within the scope of Internal rating-based (IRB) approach, have not been presented as of 31 December 2016.

**a. Risk management and Overview of RWA**

**1. Disclosures related to the risk management approach**

Risks, exposed as a result of business model of the Bank, are determined on a consolidated basis through risk definition and materiality assessment of the Bank. Risk mitigation factors and monitoring activities are established for significant risks which are determined. Limits are identified for risks, considered to be significant, in Risk Appetite Declaration of the Bank and those limits are approved by the Board of Directors. Developments with respect to risk limits determined in Risk Appetite Declaration are monitored on a monthly basis and actions which are pre-determined in risk appetite declaration if those limits are exceeded.

Denizbank Risk Management Group Directorate is an internal systems unit responsible for carrying out risk management activities working subject to Board of Directors. It directly reports to Board of Directors. Risk Management Group is responsible to carry out processes such as definition and measurement of risks, establishment and application of risk policies and implementation procedures, analysis, monitoring and reporting of risks in the framework of principles determined by Senior Management of the Bank and Risk Management Group and approved by Board of Directors.

Delegation levels of groups, formed by client and clients at the Bank, are determined in accordance with risk categories established according to limit and credit grade components within the body of the Bank.

Rating process executed by Credit Analysis department and reviews of Credit Allocation department are periodically audited by Credit Risk Control in scope of determined rules and related outputs are presented to Rating Committee.

Informative contents are presented in order to extend risk culture within the body of the Bank and questionnaires towards reviewing of risk perception are performed. Risk sensitivity developments of employees are monitored in line with outputs of aforementioned questionnaires and required actions are taken through identifying weaker aspects. Training plans are established in this scope and it is aimed to provide contribution to developments of employees in determined matters.

**Main components of risk measurement systems and its scope****Identification of Risks:**

The Bank has a comprehensive risk definition process including its subsidiaries. The process aims to determine significant risks specific to the Bank based on a broad list including inherent risks of banking and it is performed on an annual basis. Opinions and reviews of expert individuals within the body of the Bank during the determination of materiality level of risks. Review outputs are used in reports and form a basis to internal capital assessment processes of the Bank.

**Measurement of Risks:**

The purpose of the studies made in scope of measurement of risks includes measuring of financial risks exposed by the Bank and its subsidiaries in order to prepare internal and legal reports and form a relation between carried risks and estimated profitability and evaluation of validity of parameters and assumptions used in risk measurement.

**Controlling, reporting and management of Risks:**

It determines which type of reports shall be prepared as consolidated and unconsolidated. It ensures to establish an effective internal audit system which shall prevent to take risk exceeding targeted risk level and limits determined by regulatory authority. Risk limits, approved by Board of Directors for each type of risk types, are taken into account while controlling and reporting of risks.

**Disclosures on risk reporting processes provided to Board of Directors and senior management, especially the scope and main content of the reporting**

Risk Management Group performs reporting to Senior Management and Board of Directors through Audit Committee, ALCO and Rating Committees.

Audit Committee holds quarterly meetings in ordinary situations. Activities and risk indicators performed by Risk Management Group are presented to the Committee.

ALCO holds weekly meetings. Risk-limit follow-up and detailed analysis related to indicators such as interest and liquidity risk, capital adequacy are presented.

**Disclosures on Stress Test**

The Bank performs stress test studies evaluating its capital adequacy in scope of ICAAP. Stress tests help to determine capital adequacy in three years projection and possible capital buffer requirement in scope of scenarios determined by regulatory authority and bank based on budget plan of the Bank.

**Risk management, hedging and mitigation strategies of the Bank sourcing from business model and monitoring process with respect to continuing effectiveness of hedging and mitigating components**

Limits, which are defined for risks considered to be significant, are monitored on a monthly basis and actions included in risk appetite declaration are taken, if required.

In addition, emergency plan related to capital adequacy in order to meet its strategic aims considering stress conditions of the Bank.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**2. Overview of RWA**

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	79.535.237	69.448.180	6.362.819
2 <i>Standardised approach (SA)</i>	79.535.237	69.448.180	6.362.819
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	1.765.074	737.861	141.206
5 <i>Standardised approach for counterparty credit risk (SA-CCR)</i>	1.765.074	737.861	141.206
6 <i>Internal model method (IMM)</i>	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	10.654	--	852
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--	--
16 Market risk	725.975	389.425	58.078
17 <i>Standardised approach (SA)</i>	725.975	389.425	58.078
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	6.032.604	5.384.583	482.608
20 <i>Basic Indicator Approach</i>	6.032.604	5.384.583	482.608
21 <i>Standart Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>88.069.544</b>	<b>75.960.049</b>	<b>7.045.563</b>



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**b. Linkages between financial statements and exposures**

**1. Amounts valued in accordance with TAS in financial statements and matching**

	a	c	d	e	f	g
	Carrying values of items under scope of TAS					
	Carrying values as reported in published financial statements	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and balances at central bank	14.760.938	14.760.938	--	--	--	--
Financial assets held for trading	1.525.947	--	1.427.943	--	98.004	--
Financial assets designated at fair value through profit or loss	--	--	--	--	--	--
Banks	2.966.965	2.966.965	--	--	--	--
Receivables from money markets	3.001.396	--	3.001.396	--	--	--
Available for sale financial assets (net)	6.561.558	6.561.558	--	--	--	--
Loans and receivables	61.820.384	61.820.384	--	--	--	127.273
Factoring receivables	--	--	--	--	--	--
Held to maturity investments (net)	4.900.999	4.900.999	--	--	--	--
Investments in associates (net)	8.654	8.654	--	--	--	--
Investments in subsidiaries (net)	5.292.932	5.292.932	--	--	--	--
Investments in joint ventures (net)	2.800	2.800	--	--	--	--
Leasing receivables	--	--	--	--	--	--
Derivative financial assets held for hedges	--	--	--	--	--	--
Tangible assets (net)	430.285	430.285	--	--	--	89.732
Intangible assets (net)	188.762	188.762	--	--	--	188.762
Investment properties (net)	--	--	--	--	--	--
Tax assets	150.194	150.194	--	--	--	--
Non-current assets and disposal groups classified as held for sale (net)	--	--	--	--	--	--
Other assets	1.547.013	1.547.013	--	--	--	9.826
<b>Total assets</b>	<b>103.158.827</b>	<b>98.631.484</b>	<b>4.429.339</b>	<b>--</b>	<b>98.004</b>	<b>415.593</b>
<b>Liabilities</b>						
Deposits	63.190.928	--	--	--	--	63.190.928
Derivative financial liabilities held for trading	941.188	--	--	--	--	941.188
Loans	10.750.597	--	--	--	--	10.750.597
Debt to money markets	5.397.576	--	5.397.576	--	--	5.397.576
Debt securities in issue	1.152.633	--	--	--	--	1.152.633
Funds	--	--	--	--	--	--
Various debts	1.851.423	--	--	--	--	1.851.423
Other liabilities	1.945.071	--	--	--	--	1.945.071
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	18.493	--	--	--	--	18.493
Derivative financial liabilities held for hedges	--	--	--	--	--	--
Provisions	1.694.273	--	--	--	--	1.694.273
Tax liability	171.472	--	--	--	--	171.472
Liabilities included in disposal groups classified as held for sale (net)	--	--	--	--	--	--
Subordinated debts	5.483.501	--	--	--	--	5.483.501
Equity	10.561.672	--	--	--	--	10.561.672
<b>Total liabilities</b>	<b>103.158.827</b>	<b>--</b>	<b>5.397.576</b>	<b>--</b>	<b>--</b>	<b>103.158.827</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**2. Main sources of differences between risk exposures and valued amounts in accordance with TMS in financial statements**

	a	b	c	d	e
	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterpart y credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	103.158.827	98.631.484	--	4.429.339	98.004
2 Liabilities carrying value amount under TAS		--	--	5.397.576	--
3 Total net amount	103.158.827	98.631.484	--	9.826.915	98.004
4 Off-balance sheet amounts (**)	58.145.630	20.909.526	--	--	--
5 Differences in valuations		--	--	--	--
6 Differences due to different netting rules, other than those already included in row 2		--	--	--	--
7 Differences due to consideration of provisions		--	--	--	--
8 Differences due to prudential filters		--	--	--	627.971
9 Differences resulted from considering of the financial guarantees		(1.726.630)	--	--	--
10 Risk exposures	161.304.457	117.814.380	--	9.826.915	725.975

(\*) Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign Exchange risk are included in line of risk amounts.

(\*\*) It includes risk which are included in credit risk calculation.

**3. Disclosures on differences between amounts valued in accordance with TAS and risk exposures**

**Differences between valued amounts in accordance with TAS and risk exposures:**

It is obtained through addition of potential risk exposures according to type of transaction and maturity to risk exposure renewal costs in derivative transactions included in counterparty credit risk and through offsetting of cash amount subject to amount adjusted with volatility made to related security in repo and reverse repo transactions.

Amounts of items which are value in accordance with TAS and subject to market risk indicate fair value of financial instruments held for trade. Amounts in line of risk amount related to aforementioned transactions indicate principal amount subject to market risk sourcing from capital requirement calculated related to potential losses which can be caused by interest rate risk, share price risk, exchange rate risks in scope of "Communique on Measurement and Evaluation of Bank's Capital Adequacy".

**Disclosures on controls performed and systems used in order to ensure prudence and reliability of valuations estimates of the Bank in accordance with prudential valuation principles and procedures included in accompanying Annex-3 to Communique on Measurement and Evaluation of Bank's Capital Adequacy:**

If the financial instruments recognized through fair value have an active and deep market, valuation is performed based on prices included in market in question. Reliability of market data used in valuations is examined periodically. The Bank does not operate in markets which do not have a depth. Discounted cash flow model is mainly used in the evaluation of derivative instruments and generally accepted valuation models are used for derivative transactions including optionality. Accuracy of market data and model outputs used in valuations are periodically controlled and differences between counterparty valuations and bank's evaluations are monitored regularly.

**c. Credit Risk**

**1. General qualitative information about credit risk**

**How does the business model of the Bank transform to components in its credit risk portfolio**

Credit risk within the body of the Bank is managed in the framework of Credit Risk Management Policy approved by Board of Directors. Risk, related to credit, are defined, duties of departments are determined and main principles of credit risk management are brought in aforementioned policy document. Departments assigned in credit management and their authorization/responsibilities are defined in aforementioned document.

In this direction, main limitations related to credit risk are determined in Risk Appetite Document approved annually by Board of Directors and reported throughout the year by Risk Management Department.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Concentration limits on the basis of sector, customer segment and risk groups are determined. Actions which shall be taken in case of a possible overflow are also determined in this document.

In this scope, credit portfolio of the Bank draws a dispersed view with respect to customers segments and sectors.

**Criteria and approach used while determining credit risk policy and credit risk limits**

Risk limits defined to all counterparties in monitoring of credit risks are tracked on the basis of products, customers and risk groups separately by systems and it is not permitted to take risks exceeding determined limits. Many factors such as ability to pay, features of the sector and possible impacts of geographical and economic conditions are taken into consideration while determining the credit limits of counterparty. If deemed appropriate, it is tried to reduce possible losses of the Bank to minimum through applying required risk mitigation techniques. All documents required by the related legislation should be taken into account during credit examinations. Credit worthiness of counterparty is periodically controlled for limits provided for multi-use and limits are revised considering changes and requirements in the credit worthiness of counterparty. Customers are determined based on their classes by credit allocation officers and respective classes are changed, if required.

**Structure and organization of credit risk management and control function**

Credit allocation and monitoring is performed in accordance with segregation of duties and therefore, the credit can be reviewed in an objective manner during its economic life. Risk models are used in order to measure credit risk of customers in both allocation and monitoring groups in an accurate and objective manner. Early Warning Systems are used for the tracking of credit customers and signals received are regularly tracked by Monitoring groups and pre-determined action plans are taken with allocation groups if pre-determined triggers are detected

**Relation between credit risk management, risk control, legal compliance and internal audit functions**

Credit Risk Control periodically presents analysis and results of execution of internal rating systems, development of credit rating grades, documentation of changes made in credit grade and compliance to internal limitations to Rating Committee. Compliance of Credit Risk Control activities to intra-bank arrangements and regulatory regulations and guides is periodically audited by internal audit departments of the Bank and issue requiring to be developed are monitored following their identification.

**Scope and main content of reporting which shall be made to senior management and members of board of directors regarding credit risk management function and exposed credit risk**

Board of Directors determines policy of the Group in credit management field and ensures establishment of required conditions to perform determined policies in an effective manner. In this scope, it defines sections related to measurement and management of credit quality and approves documents having primary importance related to credit risk such as Risk Appetite Declaration

**2. Credit quality of assets**

	a	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values (a+b-c)
1 Loans	3.292.211	60.876.186	3.690.886	60.477.511
2 Debt Securities	--	11.420.850	1.159	11.419.691
3 Off-balance sheet exposures (*)	252.392	54.555.944	189.253	54.619.083
<b>4 Total</b>	<b>3.544.603</b>	<b>126.852.980</b>	<b>3.881.298</b>	<b>126.516.285</b>

(\*) It doesn't include revocable commitments and Forward Asset Purchase -Sales Commitments.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**3. Changes in stock of defaulted loans and debt securities**

	a (*)
1 Defaulted loans and debt securities at end of the previous reporting period	2.682.048
2 Loans and debt securities that have defaulted since the last reporting period	1.901.506
3 Returned to non-defaulted status	43.516
4 Amounts written off (**)	552.902
5 Other changes	(694.925)
<b>6 Defaulted loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)</b>	<b>3.292.211</b>

(\*) It doesn't include off-balance sheet receivables.

(\*\*) It indicates sales made from non-performing loans portfolio.

**4. Additional disclosure related to the credit quality of assets**

**(i) Scope and definitions of "overdue" receivables and "provisioned" receivables used for purposes of accounting**

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired loans."

**(ii) Part of overdue receivables (over 90 days) which are not considered as "Provisioned" and reasons for the implementation in question.**

"The Bank calculates general loan loss provision for "past due loans" and specific provision for "impaired loans" according to the Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made."

**(iii) Definitions of methods used while determining amount of provision**

The Bank calculates general credit provision for overdue credits and specific provision for impaired credits in scope of "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made"

**(iv) Definitions of restructured receivables.**

The Bank can restructure both of its first and second group of credit and its illiquid credit and receivables. Restructuring in first and second group of credits and in other receivables are made in order to improve repayment ability of the customer as well as including changes made in contract terms with the request of the customer independent from credit risk of the customer. Restructurings made in illiquid claims and receivables are changes made in payment plan of the credit towards ensuring of collection of the receivable. Credits which are overdue over 90 days of delay are automatically transferred to follow-up accounts and subject to specific provision in accordance with "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" .

**(v) Breakdown of receivables by geographical area**

	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /impairments	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	3.203.443	59.794.432	--	11.420.850	252.390	42.973.552	2.283.850	551.279
2 EU Countries	86.547	498.470	--	--	2	466.498	63.548	--
3 OECD Countries	33	7.309	--	--	--	791.318	19	--
4 Off Shore Zones	--	14.074	--	--	--	3.220	--	1.623
5 USA, Canada	52	4.572	--	--	--	111.186	13	--
6 Other Countries	2.136	557.329	--	--	--	10.210.170	583	--
<b>7 Total</b>	<b>3.292.211</b>	<b>60.876.186</b>	<b>--</b>	<b>11.420.850</b>	<b>252.392</b>	<b>54.555.944</b>	<b>2.348.013</b>	<b>552.902</b>

(\*) It indicates sales made from non-performing loans portfolio

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

(vi) **Breakdown of receivables by sectors**

	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /impairments	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
<b>Agricultural</b>	<b>176.447</b>	<b>8.669.251</b>	--	--	<b>3.714</b>	<b>1.837.547</b>	<b>121.770</b>	<b>4.117</b>
Farming and Cattle	173.778	8.652.957	--	--	3.635	1.829.868	119.306	4.057
Forestry	242	2.843	--	--	17	3.672	175	32
Fishing	2.427	13.451	--	--	62	4.007	2.289	28
<b>Manufacturing</b>	<b>299.439</b>	<b>7.456.296</b>	--	--	<b>30.760</b>	<b>11.662.772</b>	<b>170.503</b>	<b>11.324</b>
Mining	30.620	2.541.541	--	--	1.765	704.850	22.678	2.221
Production	186.677	3.780.552	--	--	23.348	10.020.335	127.285	9.088
Electric, Gas, Water	82.142	1.134.203	--	--	5.647	937.587	20.540	15
<b>Constuction</b>	<b>197.016</b>	<b>3.706.469</b>	--	--	<b>75.177</b>	<b>9.505.455</b>	<b>136.937</b>	<b>17.386</b>
<b>Services</b>	<b>1.082.879</b>	<b>16.405.101</b>	--	<b>212.546</b>	<b>106.752</b>	<b>12.412.588</b>	<b>730.039</b>	<b>84.493</b>
Wholesale and Retail Trade	721.972	7.766.959	--	--	94.767	7.853.848	473.365	72.003
Hotel and Restaurant Services	37.850	2.817.847	--	--	3.719	789.735	14.111	2.353
Transportation and telecommunication	208.386	3.512.547	--	--	5.627	1.903.596	148.123	8.205
Financial institution	9.353	657.107	--	212.546	141	1.250.300	4.362	569
Real estate and letting services	9.431	216.382	--	--	555	78.642	6.109	614
Self-employment services	--	--	--	--	--	--	--	--
Education services	19.645	748.185	--	--	884	85.607	15.784	221
Health and social services	76.242	686.074	--	--	1.059	450.860	68.185	528
<b>Other</b>	<b>1.536.430</b>	<b>24.639.069</b>	--	<b>11.208.304</b>	<b>35.989</b>	<b>19.137.582</b>	<b>1.188.764</b>	<b>435.582</b>
<b>Total</b>	<b>3.292.211</b>	<b>60.876.186</b>	--	<b>11.420.850</b>	<b>252.392</b>	<b>54.555.944</b>	<b>2.348.013</b>	<b>552.902</b>

(\*) It indicates sales made from non-performing loans portfolio.

(vii) **Breakdown of receivables by outstanding maturity**

	Undistributed	1 month	1-3 months	3-6 months	6-12 months	1 year and more	Total
<b>Non-defaulted receivables</b>	<b>26.250</b>	<b>22.582.103</b>	<b>5.879.234</b>	<b>7.221.398</b>	<b>24.946.561</b>	<b>66.197.434</b>	<b>126.852.980</b>
1 Credits	--	9.552.149	2.735.488	3.739.295	8.906.736	35.942.518	60.876.186
2 Debt Instruments	2	--	50.590	--	--	11.370.258	11.420.850
3 Off-balance sheet receivables	26.248	13.029.954	3.093.156	3.482.103	16.039.825	18.884.658	54.555.944
<b>Defaulted receivables</b>	<b>3.544.603</b>	--	--	--	--	--	<b>3.544.603</b>
1 Credits	3.292.211	--	--	--	--	--	3.292.211
2 Debt Instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	252.392	--	--	--	--	--	252.392
<b>Specific Provisions</b>	<b>2.348.013</b>	--	--	--	--	--	<b>2.348.013</b>
<b>Total</b>	<b>1.222.840</b>	<b>22.582.103</b>	<b>5.879.234</b>	<b>7.221.398</b>	<b>24.946.561</b>	<b>66.197.434</b>	<b>128.049.570</b>

(viii) **Aging analysis of overdue receivables**

	1-30 days	31-60 days	61-90 days	Total
Credits	6.273.302	1.312.479	858.290	8.444.070
Debt Instruments	--	--	--	--
Off-balance sheet receivables	582.504	32.516	35.886	650.906

(ix) **Breakdown of restructured recievables whether they are provisioned or not**

	31 December 2016
Credits having standard nature and restructured from other recievables	1.376.210
Credits in close follow-up and restructured from other receivables	2.914.008
Restructured from non-performing receivables	150.334

**5. Credit risk mitigation techniques**

The Bank can demand collateral in order to mitigate risk level of the credit. Each type of collaterals and collateral processes approved in credit risk calculations are defined with Bank procedures. Insurance and evaluation approach off properties or goods subject to collateral are regulated in internal documents of the Bank prepared in accordance with Turkish Banking Legislation.

The Bank performs credit risk mitigation according to comprehensive financial collateral method in accordance with "Communique on Credit Risk Mitigation Techniques". Exchange mismatch between receivable and collateral and cut-off rates based on type of collateral are considered through inspecting standard cut-off ratios mentioned in annex of the communique while maturity mismatch between receivable and collateral is taken into account in accordance with method mentioned in Article 49.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

Bank established compliant provisions to Turkish Banking Legislation and BRSA Regulations in order to cover expected loss sourcing from occurrence of credit risk.

**6. Credit risk mitigation techniques - overview**

		a	b	c	d	e	f	g
		Exposures unsecured of (according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	47.004.104	13.473.407	11.917.730	--	--	--	--
2	Debt Securities	11.419.691	--	--	--	--	--	--
3	<b>Total</b>	<b>58.423.795</b>	<b>13.473.407</b>	<b>11.917.730</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
4	Of which defaulted (*)	3.278.524	266.079	191.763	--	--	--	--

(\*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

**7. Disclosures on rating grades used while calculating credit risk with standard approach**

Ratings provided by international rating agency Fitch are used for the determination of risk weights which shall be applied in the calculation of capital adequacy. The scope, in which the credit rating grades are taken into consideration, covers receivables from governments or central banks and receivables from banks and intermediary institutions and corporate receivables for those having residence abroad.

**8. Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects**

	a	b	c	d	e	f
	Exposures before credit conversion factor and CRM	Exposures post-credit conversion factor and CRM	Exposures before credit conversion factor and CRM	Exposures post-credit conversion factor and CRM	RWA and RWA density	
Risk classifications	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central banks	24.300.514	688.695	25.083.273	198.759	7.110.087	%28,12
2 Exposures to regional governments or local authorities	481.439	19.368	481.317	8.671	244.994	%50,00
3 Exposures to public sector entities	--	--	--	--	--	%0,00
4 Exposures to multilateral development banks	--	--	--	--	--	%0,00
5 Exposures to international organisations	--	--	--	--	--	%0,00
6 Exposures to institutions	3.813.088	2.372.780	3.813.055	2.048.296	1.971.679	%33,64
7 Exposures to corporates	17.160.467	29.572.870	16.242.539	16.103.902	32.346.439	%100,00
8 Retail exposures	31.525.444	25.647.719	30.746.238	2.429.463	24.964.339	%75,25
9 Exposures secured by residential property	4.901.223	332.318	4.863.692	163.046	1.759.358	%35,00
10 Exposures secured by commercial real estate	6.646.851	1.160.079	6.622.264	780.811	4.190.626	%56,61
11 Past-due loans	961.382	188.172	959.586	56.821	939.462	%92,43
12 Higher-risk categories by the Agency Board	--	--	--	--	--	%0,00
13 Exposures in the form of covered bonds	--	--	--	--	--	%0,00
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	%0,00
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	1.187	1.068	1.187	1.068	2.255	%100,00
16 Other assets	3.627.024	--	3.627.024	--	1.812.194	%49,96
17 Investments in equities	5.308.315	--	5.308.315	--	5.308.315	%100,00
<b>18 Total</b>	<b>98.726.934</b>	<b>59.983.069</b>	<b>97.748.490</b>	<b>21.790.837</b>	<b>80.649.748</b>	<b>%67,47</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**9. Standardised Approach - Exposures by asset classes and risk weights**

	a	b	c	k	d	l	e	f	g	h	i	j
Risk Classifications/Risk Weight	%0	%10	%20	%35 Secured with property mortgage	%50 Secured with property mortgage.	%50	%75	%100	%150	%200	Others	Total risk exposure (after CCF ve CRM )
1 Exposures to central governments or central banks	11.061.862	--	--	--	--	14.220.170	--	--	--	--	--	25.282.032
2 Exposures to regional governments or local authorities	--	--	--	--	--	489.988	--	--	--	--	--	489.988
3 Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to institutions	--	--	3.296.301	--	--	2.505.263	--	59.787	--	--	--	5.861.351
7 Exposures to corporates	--	--	--	--	--	--	--	32.346.441	--	--	--	32.346.441
8 Retail exposures	--	--	--	--	--	--	32.845.382	330.319	--	--	--	33.175.701
9 Exposures secured by residential property	--	--	--	5.026.738	--	--	--	--	--	--	--	5.026.738
10 Exposures secured by commercial real estate	--	--	--	--	6.424.900	--	--	978.175	--	--	--	7.403.075
11 Past-due loans	--	--	--	--	332.965	--	--	504.405	179.037	--	--	1.016.407
12 Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13 Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	2.255	--	--	--	2.255
16 Other assets	--	--	--	--	--	--	--	5.308.315	--	--	--	5.308.315
17 Investments in equities	1.933.488	--	7.440	--	3	--	180	1.602.809	--	--	83.104	3.627.024
<b>18 Total</b>	<b>12.995.350</b>	<b>--</b>	<b>3.303.741</b>	<b>5.026.738</b>	<b>6.757.868</b>	<b>17.215.421</b>	<b>32.845.562</b>	<b>41.132.506</b>	<b>179.037</b>	<b>--</b>	<b>83.104</b>	<b>119.539.327</b>

**d. Counterparty Credit Risk**

**1. Counterparty Credit risk (CCR) explanations**

Counterparty credit risk is determined according to type of counterparty and the transaction. Counterparties are divided into segments as financial institutions, corporate-commercial customers, KBI-Micro-Gold-Agriculture customers and individual customers. Transaction types are grouped as derivative financial products and repo transactions.

Compliance test is applied in line with production information, financial position and transaction frequency of the customer in order to determine products and services provided to customers.

Credit worthiness of counterparty is analysed before the transactions causing counterparty credit risk and periodically reviewed. Reviewing frequency is increased if required.

Limits, in line with risk appetite, policy and strategies of the Bank are determined for the transactions in scope of CCR. Those limits are approved by Board of Directors for banks. Approval authorizations determined in scope of credit allocation process are applied for parties apart from banks. Limits are reviewed at least annually. If the market conditions get worse or credit qualities of certain counterparties decline, limits are reviewed and required changes are made. Approved limits are blocked with the approval of Credit Committee/Credit Allocation Department, if required.

Risk mitigation methods such as netting contracts, collateral and margin contracts are used in counterparty credit risk management related to financial institutions. Collateralization principles and procedures are applied in scope of credit policy and procedures currently applied within the Bank for counterparties apart from financial institutions.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

Potential and current risk amounts of transactions are calculated/determined in order to determine counterparty credit risk. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

**2. Analysis of counterparty credit risk exposure by approach**

	a	b	c	d	e	f
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives)	1.427.941	505.353		--	1.853.391	1.008.071
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					392.667	95.785
5 VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
<b>6 Total</b>						<b>1.103.856</b>

**3. Credit valuation adjustment (CVA) capital charge**

	a	b
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	1.853.391	661.218
<b>4 Total subject to the CVA capital charge</b>	<b>1.853.391</b>	<b>661.218</b>



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**4. Standard approach - Counterparty credit risk with respect to risk classes and weights**

	a	b	c	d	e	f	g	h	i
<b>Risk Weights / Risk Classifications</b>	<b>%0</b>	<b>%10</b>	<b>%20</b>	<b>%50</b>	<b>%75</b>	<b>%100</b>	<b>%150</b>	<b>Diğer</b>	<b>Total credit exposure (*)</b>
Claims from central governments and central banks	--	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	663.200	1.220.357	--	--	--	--	742.819
Corporates	--	--	--	--	--	355.581	--	--	355.581
Retail portfolios	--	--	--	--	5.851	--	--	--	4.388
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	1.068	--	--	1.068
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets(**)	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>663.200</b>	<b>1.220.357</b>	<b>5.851</b>	<b>356.649</b>	<b>--</b>	<b>--</b>	<b>1.103.856</b>

(\*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(\*\*)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

**5. Collaterals used for counterparty credit risk**

	a	b	c	d	e	f
	<b>Guarantees of Derivative</b>		<b>Financial Instrument</b>		<b>Guarantees of Other Transactions</b>	
	<b>Given Guarantees</b>		<b>Received Guarantees</b>		<b>Given</b>	<b>Received</b>
	<b>Appropriated</b>	<b>Unappropriated</b>	<b>Appropriated</b>	<b>Unappropriated</b>	<b>Guarantees</b>	<b>Guarantees</b>
Cash-Domestic Currency	--	--	--	--	3.001.396	5.628.366
Cash-Foreign Currency	79.903	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
<b>Total</b>	<b>79.903</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.001.396</b>	<b>5.628.366</b>

**6. Credit derivatives**

None.

**7. Exposures to central counterparties (CCP)**

None.

**e. Securitization**

**1. Disclosures on securitization positions**

None.

**2. Securitization positions in banking accounts**

None.

**3. Securitization positions in trading accounts**

None.

**4. Securitization positions in banking positions and capital requirements related to those whose sponsorship or founder is the bank**

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

None.

**5. Securitization positions in banking positions and capital requirements related to those- in which the Bank is an investor**

None.

**f. Market risk**

**1. Explanations on market risk**

Principles, policies and limits related to management of market risk are approved by board of directors and periodically reviewed. The Bank is exposed to market risk mainly due to interest rates, exchange rates and changes which may occur in share and commodity prices. When the asset structure of the Bank is examined, it is concluded that the most significant one among aforementioned risks is interest and exchange rate risk. Two separate methods, "standard method" and "internal method", are used in measurement of aforementioned risks.

Value at risk approach is mainly taken as basis in the follow-up process of risk limits. There exist sensitivity limits in addition to aforementioned limit for risk which are not covered by the model. Parametric approach is adopted since the structure of financial positions held by the Bank is simple and the model is easy to use and understandable. Value at risk calculations are made over all instruments and foreign currency positions of the Bank which are sensitive to interest. Value at risk calculations are supported with stress tests and scenario analysis and possible results of potential market movements which can cause a significant impact on the Bank although having a low possibility to emerge are examined. Retrospective tests of the model are made periodically and amendments can be made in the model in accordance with test results, if required.

**2. Standardised approach**

	RMT
<b>Outright products</b>	
1 Interest rate risk (general and specific)	26.813
2 Equity risk (general and specific)	--
3 Foreign exchange risk	620.437
4 Commodity risk	50.287
<b>Options</b>	
5 Simplified approach	--
6 Delta-plus method	28.438
7 Scenario approach	--
8 Securitisation	--
<b>9 Total</b>	<b>725.975</b>

**3. Information on market risk calculated as of month-ends during the period**

	Current Period: 31 December 2016			Prior Period: 31 December 2015		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	1.658	2.802	1.078	3.617	19.703	1.486
Stock Risk	--	--	--	--	--	--
Currency Risk	39.738	53.414	10.748	61.817	133.176	7.180
Emtia Risk	1.105	4.023	257	541	832	338
Settlement Risk	--	--	--	--	--	--
Option Risk	2.177	3.642	956	1.018	6.322	36
Counterparty Risk	--	--	--	3.425	31.059	560
<b>Total Risk Exposure Value</b>	<b>558.467</b>	<b>744.938</b>	<b>200.238</b>	<b>880.230</b>	<b>1.878.325</b>	<b>150.088</b>

**g. Explanations related to the operational risk**

**1. Disclosures on operational risk calculation**

"Basic Indicator Approach" is utilized in operational risk calculation of the Bank. Principal amount subject to operational risk is calculated through using year-end gross income of 2015, 2014 and 2013 of DFH Group belonging to last 3 years via "Basic Indicator Approach" dated 1 July 2012 in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 28 June 2013 and numbered 28337.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**2. Standart method**

	31.12.2013	31.12.2014	31.12.2015	Total/Positive Gl year number	Ratio(%)	Total
Gross Income	2.889.648	3.248.811	3.513.707	3.217.389	15	482.608
Amount Subject to Operational Risk						6.032.604

**IX. Presentation of financial assets and liabilities at their fair value**

**a. Calculation of financial assets and liabilities at their fair value**

The fair value of held-to-maturity assets are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

The expected fair value of the demand deposits represents the amount to be paid upon request. The fair value of the overnight deposits and floating rate placements represent their carrying value. The expected fair value of the fixed rate deposits are determined by calculating the discounted cash flows using the market interest rates of similar instruments.

The expected fair value of fixed rate loans and receivables are determined by calculating the discounted cash flows using the current market interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

Estimated fair value of banks, funds provided from other financial entities, issued securities and deposits is calculated through determination of discounted cash flows using current market interest rates.

The following table summarizes the carrying value and fair value of financial assets and liabilities. The carrying value represents the sum of the acquisition costs and interest accruals of financial assets and liabilities.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	<b>79.251.302</b>	<b>66.535.990</b>	<b>78.491.087</b>	<b>65.713.250</b>
Interbank Money Market Placements	3.001.396	1.200.353	3.001.396	1.200.353
Banks	2.966.965	2.220.556	2.966.814	2.219.847
Investment Securities Available-For-Sale	6.561.558	8.524.479	6.561.558	8.524.479
Investment Securities Held-To-Maturity	4.900.999	3.241.778	4.801.372	3.250.150
Loans and Other Receivables	61.820.384	51.348.824	61.159.947	50.518.421
Financial Liabilities	<b>87.826.658</b>	<b>72.188.729</b>	<b>87.383.563</b>	<b>71.953.440</b>
Bank Deposits	3.666.289	1.470.597	3.665.126	1.469.603
Other Deposits	59.524.639	45.116.980	59.535.364	45.119.167
Interbank Money market borrowings	5.397.576	7.184.158	5.397.576	7.184.158
Funds Borrowed From Other Financial Institutions	10.750.597	10.669.070	10.668.529	10.621.849
Subordinated Loans	5.483.501	4.845.965	5.104.666	4.675.890
Securities Issued	1.152.633	1.259.198	1.160.879	1.240.012
Miscellaneous Payables	1.851.423	1.642.761	1.851.423	1.642.761

**b. Classification of fair value**

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

Fair value levels of financial assets and liabilities that are carried at fair value in the Bank's financial statements are given below:

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or Loss</b>	98.004	1.427.943	--	<b>1.525.947</b>
Public Sector Debt Securities	88.417	--	--	88.417
Share Certificated	--	--	--	--
Trading Purpose Derivatives	--	1.427.943	--	1.427.943
Other Securities	9.587	--	--	9.587
<b>Financial Assets Available for Sale (*)</b>	6.303.319	216.530	--	<b>6.519.849</b>
Public Sector Debt Securities	6.303.319	--	--	6.303.319
Other Securities	--	216.530	--	216.530
<b>Hedging Purpose Derivatives</b>	--	--	--	<b>--</b>
<b>Total Assets</b>	<b>6.401.323</b>	<b>1.644.473</b>	<b>--</b>	<b>8.045.796</b>
Derivative Financial Liabilities Held for Trading	--	941.188	--	941.188
Hedging Purpose Derivatives	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>941.188</b>	<b>--</b>	<b>941.188</b>

  

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or Loss</b>	23.708	1.092.872	--	<b>1.116.580</b>
Public Sector Debt Securities	22.625	--	--	22.625
Share Certificated	--	--	--	--
Trading Purpose Derivatives	--	1.092.872	--	1.092.872
Other Securities	1.083	--	--	1.083
<b>Financial Assets Available for Sale (*)</b>	8.411.595	--	108.955	<b>8.520.550</b>
Public Sector Debt Securities	8.411.595	--	--	8.411.595
Other Securities	--	--	108.955	108.955
<b>Hedging Purpose Derivatives</b>	--	--	--	<b>--</b>
<b>Total Assets</b>	<b>8.435.303</b>	<b>1.092.872</b>	<b>108.955</b>	<b>9.637.130</b>
Derivative Financial Liabilities Held for Trading	--	577.227	--	577.227
Hedging Purpose Derivatives	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>577.227</b>	<b>--</b>	<b>577.227</b>

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

**Level 3:** Unobservable inputs

(\*) Share certificates amounting TL 3.930 (31 December 2015: TL 3.945) classified in financial assets available for sale that do not have quoted market prices in an active market or whose fair value cannot be measured, are carried at cost in the framework of TAS 39.

**X. Transactions carried out on behalf and account of other parties and fiduciary transactions**

**a. Information on whether the Group performs sales, purchase, management, consultancy and custody services on behalf and account of others, or not**

The Bank performs sales, purchase, management, consultancy and custody services on behalf and account of others.

**b. Transactions directly realized with other financial institutions depending on fiduciary contracts and probability of material effect of such transactions on the financial position of the Bank**

None.

**XI. Explanations related to hedging transactions**

**a. Net Investment Risk**

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.006 million and US Dollar 6,7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity. Total net investment hedging funds recognized under equity after deferred tax is amounting to TL (541.466) as of 31 December 2016. (31 December 2015: TL (114.756)).

**b. Cash Flow Hedge**

The Bank stopped applying cash flow hedge accounting arising from the fluctuations in the interest rate and in which the hedging instrument was interest rate swaps and the hedged item was deposit, on 31 May 2013. Consequently, derivatives financial instruments which were previously in "hedging purpose derivatives assets/liabilities" because of being risk hedging instruments are classified in "financial assets/liabilities held for trading" lines. Negative differences amounting to TL (18.657) which were cumulated until the transfer date in "hedging funds" account under equity will be transferred to statement of income until the maturities of related derivative instruments. As of the balance sheet date, net negative valuation difference under equity after deferred tax is amounting to TL (616) (31 December 2015: TL (3.368)).

**XII. Explanations related to the segment reporting**

The Bank is active in three areas, namely, wholesale banking, retail banking, treasury and investment banking.

Wholesale banking offers financial and banking solutions to large-scale local and international corporate and commercial customers. In order to meet customer needs related to projects, investment and working capital, corporate banking offers short and long-term working capital loans, investment loans, non-cash loans, foreign exchange transactions, export finance, project finance, structured finance, corporate finance, deposit products and cash management services.

In retail banking, it offers loan products (consumer loans, mortgage, and vehicle loans), distinctive credit cards, investment products (mutual funds, shares, government bonds/treasury bills, and repos), deposit products (time, demand, protected), insurance products, SME loans as well as agricultural loans. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, checkbooks and rental safes.

Within treasury and investment banking, sales, prop-trading and private banking departments offer spot and forward TL and foreign exchange transactions, trading of treasury bills, bonds and other local and international securities and derivative products. Servicing the upper segment of wealthy and high income retail customers who require sophisticated banking and investment services falls within the scope of private banking.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Segment information of the Bank is presented in the following table:

	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
Current Period (01.01.2016-31.12.2016)	Corporate Banking	Commercial&Public Finance	SME&Agriculture Banking	Retail Banking		
Net interest income	303.059	418.561	1.612.257	915.676	803.206	4.052.759
Net fee and commission income	75.639	106.346	590.391	466.312	(49.724)	1.188.964
Other income/expense, net	29.009	115.005	105.999	242.246	(441.868)	50.391
<b>Total segment income</b>	<b>407.707</b>	<b>639.912</b>	<b>2.308.647</b>	<b>1.624.234</b>	<b>311.614</b>	<b>5.292.114</b>
Other operating expenses	(144.153)	(294.347)	(989.948)	(1.109.998)	(60.619)	(2.599.065)
Provision for loan losses and other receivables	(87.209)	(488.142)	(653.180)	(479.717)	(36.519)	(1.744.767)
Tax charge						(238.373)
						699.372
<b>Net profit from continuing operations</b>	<b>176.345</b>	<b>(142.577)</b>	<b>665.519</b>	<b>34.519</b>	<b>214.476</b>	<b>1.409.281</b>
Net profit from discontinued operations	--	--	--	--	--	--
<b>Net profit</b>	<b>176.345</b>	<b>(142.577)</b>	<b>665.519</b>	<b>34.519</b>	<b>214.476</b>	<b>1.409.281</b>
<b>Current Period (31.12.2016)</b>						
Segment assets	7.922.610	11.429.577	26.079.055	16.389.143	33.717.802	95.538.187
Subsidiaries and associates						5.304.386
Undistributed assets						2.316.254
<b>Total assets</b>						<b>103.158.827</b>
Segment liabilities	12.599.996	9.564.827	12.873.685	26.179.002	27.411.679	88.629.189
Undistributed liabilities						3.967.966
Shareholders' equity						10.561.672
<b>Total liabilities</b>						<b>103.158.827</b>
	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
Prior Period (01.01.2015-31.12.2015)	Corporate Banking	Commercial&Public Finance	SME&Agriculture Banking	Retail Banking		
Net interest income	337.975	427.428	1.152.217	689.619	546.777	3.154.016
Net fee and commission income	80.247	117.550	386.811	493.122	(37.435)	1.040.295
Other income/expense, net	94.704	75.658	137.898	208.337	(780.435)	(263.679)
<b>Total segment income</b>	<b>512.926</b>	<b>620.636</b>	<b>1.676.926</b>	<b>1.391.078</b>	<b>(270.934)</b>	<b>3.930.632</b>
Other operating expenses	(129.485)	(277.584)	(886.078)	(977.712)	(98.127)	(2.368.986)
Provision for loan losses and other receivables	(29.402)	(111.161)	(406.352)	(608.722)	(61.939)	(1.217.576)
Tax charge						(109.030)
						527.605
<b>Net profit from continuing operations</b>	<b>354.039</b>	<b>231.891</b>	<b>384.496</b>	<b>(195.356)</b>	<b>(431.000)</b>	<b>762.645</b>
Net profit from discontinued operations	--	--	--	--	--	--
<b>Net profit</b>	<b>354.039</b>	<b>231.891</b>	<b>384.496</b>	<b>(195.356)</b>	<b>(431.000)</b>	<b>762.645</b>
<b>Prior Period (31.12.2015)</b>						
Segment assets	6.970.701	8.463.853	19.979.122	15.935.149	27.062.888	78.411.713
Subsidiaries and associates						3.951.185
Undistributed assets						1.857.769
<b>Total assets</b>						<b>84.220.667</b>
Segment liabilities	8.412.008	7.251.048	10.156.937	20.501.489	26.065.351	72.386.833
Undistributed liabilities						3.564.515
Shareholders' equity						8.269.319
<b>Total liabilities</b>						<b>84.220.667</b>

Information relating to segment information of the Bank was prepared in accordance with data obtained from system of Management Reporting.

## SECTION FIVE

### DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

#### I. Explanations and disclosures related to assets

##### a. Information on cash and balances with the Central Bank of the Republic of Turkey

###### 1. Information on cash and balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	876.184	877.995	732.446	619.716
Central Bank of the Republic of Turkey	1.405.531	11.601.208	462.670	8.944.286
Other (*)	--	20	--	25
<b>Total</b>	<b>2.281.715</b>	<b>12.479.223</b>	<b>1.195.116</b>	<b>9.564.027</b>

(\*) Includes TL 20 of cheques purchased (31 December 2015: TL 25).

###### 2. Information on balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.405.531	1.501.383	462.670	997.242
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	10.099.825	--	7.947.044
<b>Total</b>	<b>1.405.531</b>	<b>11.601.208</b>	<b>462.670</b>	<b>8.944.286</b>

###### 3. Information on required reserves

As of 31 December 2016, all banks operating in Turkey should provide a reserve in a range of 4% to 10,5% (31 December 2015: between 5% and 11,5%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 4,5% to 24,5% (31 December 2015: between 5% and 25%) in US Dollars or standard gold for their liabilities in foreign currencies.

CBRT began paying interest for the required reserves maintained in Turkish Lira as from November 2014 and for the required reserves maintained in US Dollar as from May 2015. The interest income of TL 56.689 derived from the required reserves maintained by the Bank at CBRT (1 January - 31 December 2015: 24.288 ) has been recorded under the account "interests derived from required reserves".

##### b. Information on financial assets at fair value through profit or loss

###### 1. Information on trading securities given as collateral or blocked

None (31 December 2015: None).

###### 2. Trading securities subject to repurchase agreements

None (31 December 2015: None).

###### 3. Positive value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.549	59.520	4.615	11.830
Swap Transactions	946.743	351.614	874.302	179.173
Futures Transactions	--	--	--	--
Options	523	67.994	173	22.779
Other	--	--	--	--
<b>Total</b>	<b>948.815</b>	<b>479.128</b>	<b>879.090</b>	<b>213.782</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**c. Information on Banks**

**1. Information on Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	6.234	212.415	8.602	1.296.248
Foreign	10.044	2.738.272	12.990	902.716
Foreign head offices and branches	--	--	--	--
<b>Total</b>	<b>16.278</b>	<b>2.950.687</b>	<b>21.592</b>	<b>2.198.964</b>

**2. Information on Foreign banks**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	149.902	522.714	2.058.995	--
USA, Canada	124.066	147.664	--	12.180
OECD Countries(*)	20.420	15.857	--	--
Off shore zones	124	177	--	--
Other	394.809	217.114	--	--
<b>Total</b>	<b>689.321</b>	<b>903.526</b>	<b>2.058.995</b>	<b>12.180</b>

(\*) OECD countries except for EU countries, USA and Canada

**d. Information on investment securities available-for-sale**

**1. Major types of investment securities available-for-sale**

Investment securities available-for-sale consist of share certificates unquoted stock exchange, debt securities representing government bonds, Eurobonds and foreign currency government bonds issued by the Turkish Treasury.

**2. Investment securities available-for-sale given as collateral**

Available-for-sale financial assets which were collateralized consist of securities offered to various financial institutions, primarily the Central Bank of the Republic of Turkey and İstanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank) for interbank money market, foreign exchange market and other transactions. Such financial assets include government bonds and Eurobonds, and their total book value amounts to TL 849.495 (31 December 2015: TL 1.690.385).

**3. Investment securities available-for-sale given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	--	--	--	--
T-bills, Bonds and Similar Securities	725.926	123.569	857.701	832.684
Other	--	--	--	--
<b>Total</b>	<b>725.926</b>	<b>123.569</b>	<b>857.701</b>	<b>832.684</b>

**4. Investment securities available-for-sale subject to repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	3.830.370	--	4.811.887	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>3.830.370</b>	<b>--</b>	<b>4.811.887</b>	<b>--</b>



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**5. Information on available-for-sale securities**

	Current Period	Prior Period
<b>Debt instruments</b>	<b>6.830.255</b>	<b>8.840.892</b>
Quoted on Stock Exchange	6.830.255	8.840.892
Unquoted on Stock Exchange	--	--
<b>Share certificates</b>	<b>41.709</b>	<b>112.884</b>
Quoted on Stock Exchange	37.779	--
Unquoted on Stock Exchange	3.930	112.884
<b>Impairment provision (-)</b>	<b>310.406</b>	<b>429.297</b>
<b>Total</b>	<b>6.561.558</b>	<b>8.524.479</b>

**e. Information related to loans**

**1. Information on all types of loans and advances given to shareholders and employees of the Bank**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	--	<b>7.721</b>	--	<b>19.970</b>
<b>Loans Granted to Employees</b>	<b>60.339</b>	<b>4</b>	<b>63.001</b>	<b>115</b>
<b>Total</b>	<b>60.339</b>	<b>7.725</b>	<b>63.001</b>	<b>20.085</b>

**2. Information on loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled**

	Performing Loans and Other Receivables (*)			Loans and Other Receivables Under Close Monitoring		
	Agreement conditions modified			Agreement conditions modified		
	Loans and Other Receivables (Total)	Extension of Payment Plan	Other	Loans and Other Receivables (Total)	Extension of Payment Plan	Other
<b>Non-specialized Loans</b>	<b>47.306.075</b>	<b>1.364.892</b>	--	<b>5.449.561</b>	<b>2.679.020</b>	--
Working Capital Loans	1.688.112	313.882	--	572.289	491.328	--
Export Loans	1.402.581	6.218	--	24.680	5.211	--
Import Loans	--	--	--	--	--	--
Loans Given to Financial Sector	387.541	--	--	168.744	163.189	--
Consumer Loans	12.083.662	259.838	--	1.190.519	392.174	--
Credit Cards	4.801.357	3.527	--	285.322	64.172	--
Other	26.942.822	781.427	--	3.208.007	1.562.946	--
<b>Specialization Loans</b>	<b>7.316.598</b>	<b>11.318</b>	--	<b>803.952</b>	<b>234.988</b>	--
<b>Other Receivables</b>	--	--	--	--	--	--
<b>Total</b>	<b>54.622.673</b>	<b>1.376.210</b>	--	<b>6.253.513</b>	<b>2.914.008</b>	--

(\*) The Bank has a cash loan exposure amounting to USD 117 million related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Discussions among shareholders of the entity, creditor banks and related public institutions regarding restructuring of current main partner including change of shareholder have been commenced and it is expected that aforementioned discussions shall result in a positive development. Respective loan is classified under "Standard Loan and Other Receivables" as of 31 December 2016.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

	Performing Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>Number of modifications made to extend payment plan</b>		
Extended by 1 or 2 times	1.311.069	2.677.980
Extended by 3,4 or 5 times	65.062	234.071
Extended by more than 5 times	79	1.957
<b>Total</b>	<b>1.376.210</b>	<b>2.914.008</b>

	Performing Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>Extended payment period of time</b>		
0-6 Months	4.977	153.588
6-12 Months	9.003	57.517
1-2 Years	24.846	195.368
2-5 Years	426.469	753.971
5 Year and Over	910.915	1.753.564
<b>Total</b>	<b>1.376.210</b>	<b>2.914.008</b>

**3. Information on loans according to maturity structure concentration**

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other Receivables	Restructured or Rescheduled	Loans and other Receivables	Restructured or Rescheduled
<b>Short-Term Loans and Other Receivables</b>	<b>17.294.416</b>	<b>42.922</b>	<b>1.174.733</b>	<b>68.883</b>
Non-Specialized Loans	15.724.110	41.237	1.062.470	41.071
Specialized Loans	1.570.306	1.685	112.263	27.812
Other Receivables	--	--	--	--
<b>Medium and Long-Term Loans and Other Receivables</b>	<b>37.328.257</b>	<b>1.333.288</b>	<b>5.078.780</b>	<b>2.845.125</b>
Non-Specialized Loans	31.581.965	1.323.655	4.387.091	2.637.949
Specialized Loans	5.746.292	9.633	691.689	207.176
Other Receivables	--	--	--	--
<b>Total</b>	<b>54.622.673</b>	<b>1.376.210</b>	<b>6.253.513</b>	<b>2.914.008</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**4. Information on consumer loans, individual credit cards and personnel credit cards**

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>263.618</b>	<b>12.391.945</b>	<b>12.655.563</b>
Real estate Loans	4.794	5.007.451	5.012.245
Vehicle Loans	2.610	411.279	413.889
General Purpose Loans	256.214	6.973.215	7.229.429
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>36.623</b>	<b>36.623</b>
Real estate Loans	--	36.185	36.185
Vehicle Loans	--	--	--
General Purpose Loans	--	438	438
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>2.346</b>	<b>2.346</b>
Real estate Loans	--	2.159	2.159
Vehicle Loans	--	--	--
General Purpose Loans	--	187	187
Other	--	--	--
<b>Individual Credit Cards-TL</b>	<b>4.523.428</b>	<b>254.375</b>	<b>4.777.803</b>
Installment	2.070.874	254.375	2.325.249
Non installment	2.452.554	--	2.452.554
<b>Individual Credit Cards-FC</b>	<b>1.414</b>	<b>--</b>	<b>1.414</b>
Installment	56	--	56
Non installment	1.358	--	1.358
<b>Loans Given to Employees-TL</b>	<b>3.627</b>	<b>30.555</b>	<b>34.182</b>
Real estate Loans	--	1.798	1.798
Vehicle Loans	--	93	93
General Purpose Loans	3.627	28.664	32.291
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Personnel Credit Cards - TL</b>	<b>24.488</b>	<b>234</b>	<b>24.722</b>
Installment	11.528	234	11.762
Non installment	12.960	--	12.960
<b>Personnel Credit Cards - FC</b>	<b>24</b>	<b>--</b>	<b>24</b>
Installment	8	--	8
Non installment	16	--	16
<b>Overdraft Loans-TL (Real Persons) (*)</b>	<b>545.467</b>	<b>--</b>	<b>545.467</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>5.362.066</b>	<b>12.716.078</b>	<b>18.078.144</b>

(\*) Overdrafts used by the personnel of the Bank are TL 1.489 (31 December 2015: TL 1.371).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**5. Information on installment commercial loans and corporate credit cards**

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>919.302</b>	<b>8.025.791</b>	<b>8.945.093</b>
Real estate Loans	624	223.589	224.213
Vehicle Loans	10.674	534.271	544.945
General Purpose Loans	908.004	7.267.931	8.175.935
Other	--	--	--
<b>Installment Commercial Loans - Indexed to FC</b>	<b>23.700</b>	<b>1.323.659</b>	<b>1.347.359</b>
Real estate Loans	--	13.594	13.594
Vehicle Loans	281	40.524	40.805
General Purpose Loans	23.419	1.269.541	1.292.960
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>2.537</b>	<b>58.556</b>	<b>61.093</b>
Real estate Loans	--	--	--
Vehicle Loans	--	234	234
General Purpose Loans	2.537	58.322	60.859
Other	--	--	--
<b>Corporate Credit Cards - TL</b>	<b>282.664</b>	<b>2</b>	<b>282.666</b>
Installment	106.298	2	106.300
Non installment	176.366	--	176.366
<b>Corporate Credit Cards - FC</b>	<b>50</b>	<b>--</b>	<b>50</b>
Installment	--	--	--
Non installment	50	--	50
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>1.452.593</b>	<b>--</b>	<b>1.452.593</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>2.680.846</b>	<b>9.408.008</b>	<b>12.088.854</b>

**6. Loan concentration according to counterparty**

	Current Period	Prior Period
Public	565.794	802.481
Private	60.310.392	49.817.676
<b>Total</b>	<b>60.876.186</b>	<b>50.620.157</b>

**7. Domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	59.787.720	49.890.022
Foreign Loans	1.088.466	730.135
<b>Total</b>	<b>60.876.186</b>	<b>50.620.157</b>

**8. Loans granted to subsidiaries and associates**

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	213.836	32.438
Indirect loans granted to subsidiaries and associates	--	--
<b>Total</b>	<b>213.836</b>	<b>32.438</b>

**9. Specific provisions for loans**

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	117.558	62.112
Loans and Receivables with Doubtful Collectability	308.596	245.582
Uncollectible Loans and Receivables	1.921.859	1.645.687
<b>Total</b>	<b>2.348.013</b>	<b>1.953.381</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**10. Information on non-performing loans (Net)**

(i) Information on loans under follow-up, loans and other receivables those are restructured/rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period</b>	<b>12.405</b>	<b>22.935</b>	<b>107.038</b>
(Gross Amounts Before Specific Reserves)			
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	12.405	22.935	107.038
<b>Prior Period</b>	<b>15.994</b>	<b>37.147</b>	<b>65.519</b>
(Gross Amounts Before Specific Reserves)			
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	15.994	37.147	65.519

(ii) Movement of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>336.216</b>	<b>544.429</b>	<b>1.801.403</b>
Additions (+)	1.678.031	79.840	143.635
Transfers from Other Categories of Non-Performing Loans (+)	--	1.284.724	1.066.875
Transfers from Other Categories of Non-Performing Loans (-)	1.284.724	1.066.875	--
Collections (-)	229.322	158.157	350.962
Write-offs (-)	--	--	552.902
Corporate and Commercial Loans	--	--	28.028
Retail Loans	--	--	242.059
Credit Cards	--	--	182.960
Other	--	--	99.855
<b>Balances at End of the Period</b>	<b>500.201</b>	<b>683.961</b>	<b>2.108.049</b>
Specific Provisions (-)	117.558	308.596	1.921.859
<b>Net Balance on Balance Sheet</b>	<b>382.643</b>	<b>375.365</b>	<b>186.190</b>

(\*)The Bank has sold individual loan, credit cards and enterprise credit portfolio amounting to TL 295.535, tracked in legal proceedings accounts, for a price of TL 30.100 to Finansal Varlık Yönetimi A.Ş. with sales contracts dated 29 April and 30 June 2016 and has also sold individual loan, credit cards and enterprise credit portfolio amounting to TL 110.891 and TL 110.474, tracked in legal proceedings accounts, for a price of TL 11.600 TL and 11.700TL respectively Sümer Varlık Yönetimi A.Ş. and İstanbul Varlık Yönetimi A.Ş. with sales contracts dated 29 September and 30 September 2016 respectively and has sold individual loan, credit cards and enterprise credit portfolio amounting to TL 36.002, tracked in legal proceedings accounts, for a price of TL 50 to Vera Varlık Yönetimi A.Ş. with sales contract dated 29 December 2016.

(iii) Information on non performing loans and other receivables in foreign currencies

Foreign currency loans, reverted/lapsed to illiquid claims accounts, are tracked as Turkish Lira.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

(iv) Information on non performing loans according to beneficiary group

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net): 31 December 2016</b>	<b>382.643</b>	<b>375.365</b>	<b>186.190</b>
Loans Granted to Real Persons and Legal Entities (Gross)	500.201	683.961	2.108.049
Specific provisions (-)	117.558	308.596	1.921.859
Loans Granted to Real Persons and Legal Entities (Net)	382.643	375.365	186.190
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
<b>Prior Period (Net): 31 December 2015</b>	<b>274.104</b>	<b>298.847</b>	<b>155.716</b>
Loans Granted to Real Persons and Legal Entities (Gross)	336.216	544.429	1.801.403
Specific provisions (-)	62.112	245.582	1.645.687
Loans Granted to Real Persons and Legal Entities (Net)	274.104	298.847	155.716
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

**11. Liquidation policy for uncollectible loans and receivables**

For uncollectible loans and receivables, the Bank tries to solve the issue with the customer. If no result is obtained, all legal actions are taken. Such actions are completed when the insufficiency of collaterals is documented or a certificate of insolvency is obtained.

**12. Information on write-off from assets policy**

Unrecoverable non-performing loans are written off on condition that receivable of the Bank is not material compared to the costs to be incurred for the preparation of necessary documentation. There is no written-off amount in 2016 (31 December 2015: TL 2.849).

**f. Information on investment securities held-to-maturity**

**1. Information on securities subject to repurchase agreement and given as collateral or blocked**

(i) Information on securities subject to repurchase agreement

Held-to-maturity investments subject to repurchase agreement are TL 1.797.997 (31 December 2015: TL 1.595.489).

(ii) Information on securities subject to given as collateral or blocked

Collateralized held-to-maturity investments are government bonds, whose book value amounts to TL 1.099.775 (31 December 2015: TL 959.121).

**2. Information on government securities held-to-maturity**

	Current Period	Prior Period
Government Bonds	4.900.999	3.241.778
Treasury Bills	--	--
Other Government Debt Securities	--	--
<b>Total</b>	<b>4.900.999</b>	<b>3.241.778</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**3. Information on investment securities held-to-maturity**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>4.909.438</b>	<b>3.247.249</b>
Quoted on Stock Exchange	4.909.438	3.247.249
Unquoted on Stock Exchange	--	--
<b>Impairment (-)</b>	<b>8.439</b>	<b>5.471</b>
<b>Total</b>	<b>4.900.999</b>	<b>3.241.778</b>

**4. Information on the movement of investment securities held-to-maturity during the period**

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>3.241.778</b>	<b>3.022.707</b>
Foreign exchange differences (*)	248.152	227.993
Purchases during the year (**)	1.419.508	--
Disposals/Redemptions	--	(3.451)
<b>Impairment losses (-)</b>	<b>8.439</b>	<b>5.471</b>
<b>Total</b>	<b>4.900.999</b>	<b>3.241.778</b>

(\*) Accruals of investment securities held-to-maturity are included in "foreign exchange differences".

(\*\*) Classifications of available-for-sale financial assets are shown under "Purchases During The Year".

The Bank transferred a portion of its securities from "investment securities available-for-sale" portfolio, as of reclassification date with a new cost is amounting to TL 2.826.026 and US Dollar 320.674, to the "investment securities held-to-maturity" portfolio due to change in the intention of holding dating 23 July, 24 July, 26 December 2013, 24 January 2014 and 1 November 2016. The negative valuation differences amounting to TL 326.599 followed under equity until the date of classification will be amortized with effective interest method and recycled to profit/loss until the maturities of these securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 224.805 (31 December 2015: TL 192.722).

**g. Investments in associates**

Title	Address (City/Country)	The Bank's share percentage (%)	The Parent Bank's risk group share percentage (%)
1-Kredi Kayıt Bürosu A.Ş. (*)	İstanbul/Türkiye	9	--
2-Kredi Garanti Fonu A.Ş. (**)	Ankara/Türkiye	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. (**)	İzmir/Türkiye	9	--

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	185.448	129.647	135.578	2.817	--	16.458	26.782	--
2	303.700	299.526	5.691	15.573	--	5.483	11.811	--
3	11.541	11.095	8.393	135	--	(465)	(172)	--

(\*) Information on the financial statements is presented as of the period ended 30 September 2016.

(\*\*) Information on the financial statements is presented as of the period ended 31 December 2015.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.I.c*

**h. Investments in subsidiaries**

**1. Information on capital adequacies of major subsidiaries**

Amounts at below prepared within the scope of regulation depended by Denizbank AG and they are obtained from financial datas of 31 December 2016.

	Denizbank AG
Paid-in capital	711.674
Share Premium	1.041.091
Reserves	2.505.232
Deductions from capital	1.832
<b>Total Common Equity</b>	<b>4.256.165</b>
Total Additional Tier I Capital	--
Deductions from capital	7.328
<b>Total Core Capital</b>	<b>4.248.837</b>
Total Supplementary Capital	105.584
<b>Capital</b>	<b>4.354.421</b>
Deductions from capital	--
<b>SHAREHOLDERS' EQUITY</b>	<b>4.354.421</b>

**2. Information on subsidiaries**

Title	Address (City/Country)	The Bank's share percentage (%)	The Parent Bank's risk group share percentage (%) <sup>(4)</sup>
1 İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. <sup>(1)</sup>	Istanbul/Turkey	100	--
2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. <sup>(1)</sup>	Istanbul/Turkey	100	--
3 Denizbank AG	Vienna/Austria	100	--
4 Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--
5 Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--
6 Ekspres Bilgi İşlem ve Ticaret A.Ş. <sup>(3)</sup>	Istanbul/Turkey	71	29
7 JSC Denizbank Moskova	Moscow / Russia	49	51
8 Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100
9 Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	49	51
10 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--
11 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(2)</sup>	Istanbul/Turkey	--	91
12 CR Erdberg Eins GmbH & Co KG. <sup>(2)</sup>	Istanbul/Turkey	--	100

(1) It is not included in TAS 27 equity method implementation mentioned in Note I of Section Three.

(2) They are included in TAS 27 "equity method" mentioned in Note I of Section Three although which are not the Bank's direct subsidiaries.

(3) The main activity area of Ekspres Menkul Değerler A.Ş. has been changed on 10 August 2016 and its title has become Ekspres Bilgi İşlem ve Ticaret A.Ş.

(4) Presenting risk group of Bank's share percentage.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value	Total Assets
1	183.805	(3.192)	56.189	923	--	(9.055)	462	--	183.805
2	1.350	1.317	--	--	--	44	(9)	--	1.350
3	38.016.406	4.339.770	41.948	1.417.968	16.391	547.337	459.473	--	38.016.406
4	596.336	24.528	78	21.078	--	684	691	--	596.336
5	195.802	167.604	2.486	5.228	249	14.026	(12.342)	--	195.802
6	17.017	15.600	2.206	863	--	1.285	1.071	--	17.017
7	869.245	237.711	3.335	43.824	4.701	27.440	28.893	--	869.245
8	13.337	12.263	17	1.129	42	3.656	2.319	--	13.337
9	2.983.510	631.198	121.760	214.584	--	76.485	71.469	--	2.983.510
10	1.288.260	190.745	2.224	162.669	--	16.015	(36.638)	--	1.288.260
11	198.266	197.142	222	129	--	12.327	10.285	--	198.266
12	94.975	82.963	78.279	6	--	2.111	1.827	--	94.975

Information on the financial statements is presented as of the period ended 31 December 2016.



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

(i) Movement of subsidiaries

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>3.939.731</b>	<b>3.011.308</b>
<b>Movements during the Period</b>	<b>1.353.201</b>	<b>928.423</b>
Purchases (*)	--	256.426
Bonus Shares Received	--	--
Dividends from Current Year Profit (**)	699.372	471.774
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference (***)	653.829	200.223
Allowance for impairment	--	--
<b>Balance at the End of the Period</b>	<b>--</b>	<b>--</b>
<b>Capital Commitments</b>	<b>5.292.932</b>	<b>3.939.731</b>
<b>Share Percentage at the end of Period (%)</b>	<b>--</b>	<b>--</b>

(\*) On 4 September 2015, the Bank has increased Denizbank AG's capital by Euro 80 million.

(\*\*) As of 31 December 2016, there isn't dividend income as a consequence of equity method implementation in accordance with TAS 27 mentioned in Note I of Section Three (31 December 2015: TL 55.836).

(\*\*\*) It consists of other reserves amounting to TL 605.562 as of 31 December 2016 (31 December 2015: TL 255.509) and valuation differences of securities amounting to TL 48.267 as of 31 December 2016 (31 December 2015: TL (55.286)) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Note I of Section Three.

(ii) Sectorial information on the subsidiaries and the related carrying amounts

	Current Period	Prior Period
Banks	4.506.890	3.236.453
Insurance Companies	--	--
Factoring Companies	190.745	174.730
Leasing Companies	309.287	271.816
Finance Companies	--	--
Other Subsidiaries	286.010	256.732
<b>Total</b>	<b>5.292.932</b>	<b>3.939.731</b>

(iii) Quoted subsidiaries: None.

(iv) Subsidiaries disposed during the current period:

Shares of Destek Varlık Yönetim A.Ş., owned at 100% ratio by Deniz Yatırım, Ekspres Bilgi İşlem, Deniz Finansal Kiralama, Deniz Faktoring and Intertech, were sold to Lider Faktoring and Merkez Faktoring with a total consideration of TL 12.320 on 29 December 2016 in accordance with the Board of Directors decision of the Company dated 14 July 2016.

(v) Subsidiaries acquired during the current period: None.

i. Entities Under Common Control (Joint Ventures)

Title	The Parent Bank's share percentage (%)	The Group's share percentage (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	22.003	26.970	5.466	100.511	(94.209)

Information on the unreviewed financial statements is presented as of the period ended 31 December 2016.

j. Information on receivables from leasing activities

None (31 December 2015: None).

k. Explanation on hedging purpose derivatives

None (31 December 2015: None).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**I. Information on tangible assets**

	Real Estate	Tangible Fixed Assets Retained With Leasing	Vehicles	Other Tangible Fixed Assets	Total
<b>Prior Period</b>					
Cost	45.217	219.327	1.486	756.832	1.022.862
Accumulated Depreciation	(10.415)	(160.602)	(1.084)	(449.733)	(621.834)
<b>Net Book Value</b>	<b>34.802</b>	<b>58.725</b>	<b>402</b>	<b>307.099</b>	<b>401.028</b>
<b>Current Period</b>					
Net Book Value at the Beginning of the Period	34.802	58.725	402	307.099	401.028
Differences During the Period (Net)	32.940	82	--	103.045	136.067
Depreciation Cost	(873)	(16.280)	(193)	(85.747)	(103.093)
Provision For Decrease In Value	(3.719)	--	--	--	(3.719)
FX Differences (Net)	--	--	--	1	1
Cost At the End of the Period	63.150	212.233	1.293	850.294	1.126.970
Accumulated Depreciation At the End of the Period	--	(169.706)	(1.084)	(525.895)	(696.685)
<b>Net Book Value At The End Of The Period</b>	<b>63.150</b>	<b>42.527</b>	<b>209</b>	<b>324.399</b>	<b>430.285</b>

The Bank has passed to revaluation model from cost model in the framework of TAS 16 "Intangible Fixed Assets" in valuation of properties in use which are traced under intangible fixed assets as of December 31, 2016 while it tracks all of its intangible fixed assets in accordance with TAS 16 "Intangible Fixed Assets". Positive differences between property value in expertise reports prepared by licenced valuation firms and net carrying amount of the related property are tracked under equity accounts while negative differences are traced under income statement.

Revaluation difference amounting to TL 30.370 is recognized under equities as a result of revaluation process and impairment provision made in previous periods for related properties amounting to TL (4.080) is cancelled and an impairment provision amounting to TL (3.719) is made for related properties.

**m. Information on intangible assets**

	Other	Goodwill	Total
<b>Prior Period</b>			
Cost	489.367	869	490.236
Accumulated Depreciation	(319.058)	--	(319.058)
<b>Net Book Value</b>	<b>170.309</b>	<b>869</b>	<b>171.178</b>
<b>Current Period</b>			
Net Book Value at the Beginning of the Period	170.309	869	171.178
Differences During the Period (Net)	105.386	--	105.386
Depreciation Cost	(87.802)	--	(87.802)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	--	--	--
Cost At the End of the Period	595.362	869	596.231
Accumulated Depreciation At the End of the Period	(407.469)	--	(407.469)
<b>Net Book Value At The End Of The Period</b>	<b>187.893</b>	<b>869</b>	<b>188.762</b>

**n. Explanation on investment property**

None (31 December 2015: None).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**o. Information on deferred tax asset**

Deferred tax asset is calculated on the basis of related regulation and these balances are the net of deductible and taxable temporary differences calculated as of the balance sheet date.

The following table presents the deferred tax bases:

	Current Period	Prior Period
Unearned Income	56.753	43.260
Miscellaneous Provisions Financial Loss	43.948	5.638
Valuation Differences of Financial Assets	21.068	18.670
Provision for Employee Benefits	18.696	--
Financial Loss (*)	--	69.714
Other	--	4.143
<b>Deferred Tax Assets</b>	<b>140.465</b>	<b>141.425</b>
Valuation Differences of Derivatives	(25.616)	(42.846)
Valuation Differences of Tangible Assets	(13.640)	(10.477)
Valuation Differences of Financial Assets	--	(2.726)
Other	(18.105)	--
<b>Deferred Tax Liabilities</b>	<b>(57.361)</b>	<b>(56.049)</b>
<b>Net Deferred Tax Assets</b>	<b>83.104</b>	<b>85.376</b>

(\*) Fiscal loss essentially arises from the valuation of financial instruments in the calculation of corporate tax of the current period under the Tax Procedures Law (TPL).

**p. Explanation on property and equipment held for sale and related to discontinued operations**

None (31 December 2015: None).

**q. Information on other assets**

**1. Information on prepaid expense, taxes and similar items**

The Bank's total prepaid expenses are TL 293.306 (31 December 2015: TL 263.450).

**2. Other assets do not exceed 10% of total assets excluding the off-balance sheet items.**

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**II. Explanations and disclosures related to liabilities**

**a. Information on deposits**

**1. Information on maturity structure of deposits**

**Current period - 31 December 2016:**

	<b>7</b>							<b>Accumulated</b>	
	<b>Demand</b>	<b>Days</b>	<b>Up to 1</b>	<b>1-3 Months</b>	<b>3-6</b>	<b>6 Months-</b>	<b>1 Year and</b>	<b>Deposit</b>	<b>Total</b>
		<b>Notice</b>	<b>Month</b>		<b>Months</b>	<b>1 Year</b>	<b>Over</b>	<b>Accounts</b>	
Saving Deposits	2.317.105	--	2.352.764	15.059.997	699.472	152.910	252.209	26.694	<b>20.861.151</b>
Foreign Currency Deposits (*)	5.814.353	--	2.749.788	11.554.311	1.005.906	1.813.221	1.324.601	1.325	<b>24.263.505</b>
Residents in Turkey	5.525.624	--	2.706.647	10.688.813	931.789	1.647.850	929.316	1.165	<b>22.431.204</b>
Residents Abroad	288.729	--	43.141	865.498	74.117	165.371	395.285	160	<b>1.832.301</b>
Public Sector Deposits	486.443	--	38.636	51.363	3.669	349	10.808	--	<b>591.268</b>
Commercial Deposits	2.823.452	--	2.188.047	5.212.021	706.498	152.886	154.242	--	<b>11.237.146</b>
Other Ins. Deposits	102.245	--	103.356	1.515.642	128.363	9.358	178.377	--	<b>2.037.341</b>
Precious Metal Deposits	265.351	--	29.656	151.809	41.997	28.783	12.364	4.268	<b>534.228</b>
Bank Deposits	78.812	--	2.215.792	1.003.351	260.680	1.767	105.887	--	<b>3.666.289</b>
Central Bank	--	--	--	--	--	--	--	--	<b>--</b>
Domestic Banks	2.712	--	111.297	27.378	--	1.767	--	--	<b>143.154</b>
Foreign Banks	51.543	--	2.104.495	975.973	260.680	--	105.887	--	<b>3.498.578</b>
Special Finan. Inst.	24.557	--	--	--	--	--	--	--	<b>24.557</b>
Other	--	--	--	--	--	--	--	--	<b>--</b>
<b>Total</b>	<b>11.887.761</b>	<b>--</b>	<b>9.678.039</b>	<b>34.548.494</b>	<b>2.846.585</b>	<b>2.159.274</b>	<b>2.038.488</b>	<b>32.287</b>	<b>63.190.928</b>

(\*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 11.500.075 and Commercial Deposit customers at the amount of TL 12.763.430.

**Prior period - 31 December 2015:**

	<b>7</b>							<b>Accumulated</b>	
	<b>Demand</b>	<b>Days</b>	<b>Up to 1</b>	<b>1-3 Months</b>	<b>3-6</b>	<b>6 Months-</b>	<b>1 Year and</b>	<b>Deposit</b>	<b>Total</b>
		<b>Notice</b>	<b>Month</b>		<b>Months</b>	<b>1 Year</b>	<b>Over</b>	<b>Accounts</b>	
Saving Deposits	1.603.758	--	1.539.693	12.588.853	250.974	126.499	198.688	34.631	<b>16.343.096</b>
Foreign Currency Deposits (*)	3.975.007	--	2.693.442	9.496.538	1.121.513	858.764	932.895	1.477	<b>19.079.636</b>
Residents in Turkey	3.632.126	--	2.645.771	9.012.894	1.055.969	670.674	657.700	1.290	<b>17.676.424</b>
Residents Abroad	342.881	--	47.671	483.644	65.544	188.090	275.195	187	<b>1.403.212</b>
Public Sector Deposits	416.169	--	46.680	48.266	1.899	13	411	--	<b>513.438</b>
Commercial Deposits	2.167.352	--	1.678.913	3.353.789	116.203	110.219	30.272	--	<b>7.456.748</b>
Other Ins. Deposits	81.973	--	92.902	1.028.700	169.986	910	11.862	--	<b>1.386.333</b>
Precious Metal Deposits	121.790	--	24.210	136.557	11.513	31.379	9.578	2.702	<b>337.729</b>
Bank Deposits	90.540	--	607.903	617.404	6.939	147.811	--	--	<b>1.470.597</b>
Central Bank	--	--	--	--	--	--	--	--	<b>--</b>
Domestic Banks	892	--	104.601	35.637	--	1.466	--	--	<b>142.596</b>
Foreign Banks	76.987	--	503.302	581.767	6.939	146.345	--	--	<b>1.315.340</b>
Special Finan. Inst.	12.661	--	--	--	--	--	--	--	<b>12.661</b>
Other	--	--	--	--	--	--	--	--	<b>--</b>
<b>Total</b>	<b>8.456.589</b>	<b>--</b>	<b>6.683.743</b>	<b>27.270.107</b>	<b>1.679.027</b>	<b>1.275.595</b>	<b>1.183.706</b>	<b>38.810</b>	<b>46.587.577</b>

(\*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 9.846.585 and Commercial Deposit customers at the amount of TL 9.233.051.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**2. Information on deposit insurance**

- (i) Information on saving deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	10.732.125	7.838.510	10.067.622	8.447.404
Foreign Currency Saving Deposits	2.373.888	2.148.057	9.536.921	7.964.570
Other Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
<b>Total</b>	<b>13.106.013</b>	<b>9.986.567</b>	<b>19.604.543</b>	<b>16.411.974</b>

- (ii) Saving deposits that are not under the guarantee of deposit insurance fund

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	162.530	75.346
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	41.124	30.020
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks who are established in Turkey	--	--
<b>Total</b>	<b>203.654</b>	<b>105.366</b>

- (iii) Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad.

**b. Information on trading purpose derivatives**

**1. Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	40.372	21.537	3.424	29.821
Swap Transactions	513.248	279.494	328.486	193.753
Futures Transactions	--	--	--	--
Options	7	86.530	--	21.743
Other	--	--	--	--
<b>Total</b>	<b>553.627</b>	<b>387.561</b>	<b>331.910</b>	<b>245.317</b>

**c. Information on funds borrowed**

**1. Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank Loans	--	--	--	--
Domestic Bank and Institutions	223.985	466.629	195.122	243.205
Foreign Bank, Institutions and Funds	620.246	9.439.737	--	10.260.743
<b>Total</b>	<b>844.231</b>	<b>9.906.366</b>	<b>195.122</b>	<b>10.503.948</b>

**2. Maturity information of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	317.028	3.547.375	195.122	5.411.001
Medium and Long-Term	527.203	6.358.991	--	5.092.947
<b>Total</b>	<b>844.231</b>	<b>9.906.366</b>	<b>195.122</b>	<b>10.503.948</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**3. Additional explanation on concentrations of the Bank's liabilities**

As at 31 December 2016, the Bank's liabilities comprise; 61% deposits, 22% loans received, debts to money markets, issued securities and subordinated loans (31 December 2015: 55%, 28%, respectively).

**d. Information on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	--	--	93.141	--
Bills	737.553	--	609.746	--
Asset Backed Security	415.080	--	556.311	--
<b>Total</b>	<b>1.152.633</b>	<b>--</b>	<b>1.259.198</b>	<b>--</b>

Nominal value of TL 70.095 (31 December 2015: TL 188.439) of the securities issued were repurchased by the Bank and offset in the financial statements.

**e. If other liabilities line of the balance sheet exceeds 10% of the balance sheet total; excluding the off balance sheet commitments; information on components making up at least 20% of the other liabilities**

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet items.

**f. Information on lease payables (net)**

Maturity of the leasing agreements are usually 4 years. Interest rate and the Bank's cash flow are the criteria, taken into consideration, on the lease contracts. There are no judgements which, exposed to significant liabilities to the Bank, on the lease contracts.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	10.696	8.932	11.608	8.803
Between 1-4 years	10.227	9.561	20.790	18.431
More than 4 years	--	--	--	--
<b>Total</b>	<b>20.923</b>	<b>18.493</b>	<b>32.398</b>	<b>27.234</b>

**1. Changes in agreements and further commitments arising**

None (31 December 2015: None).

**2. Obligations under finance leases**

None (31 December 2015: None).

**3. Explanations on operational leases**

The Bank has operational lease agreements for its bank branches, motor vehicles and ATM locations. Rental payments for the majority of these agreements are made and expensed on a monthly basis. The unexpired portion of prepayments made for rent agreements on a yearly basis are accounted for under prepaid expenses in "other assets".

**4. Explanation on "Sell-and-lease back" agreements**

None (31 December 2015: None).

**g. Information on liabilities arising from hedging purpose derivatives**

None (31 December 2015: None).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**h. Explanation on provisions**

**1. Information on general provisions**

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	915.660	732.433
Additional Provision for Loans with Extended Maturities	71.838	31.355
Provisions for Loans and Receivables in Group II	258.866	170.305
Additional Provision for Loans with Extended Maturities	160.565	88.712
Provisions for Non Cash Loans	103.255	81.471
Other	--	--
<b>Total</b>	<b>1.277.781</b>	<b>984.209</b>

Minimum provision rates for the general provision calculation are determined in "Communique on Amendments made on Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" which is published at Official Gazette dated 14 December 2016 and numbered 29918 and the Bank has made provisions over the aforementioned minimum provision rates as of 31 December 2016. General provision amount would be TL 868.000 less if the minimum provision rates, which are mentioned in the aforementioned Communique, were applied.

**2. Provision for currency exchange gain/loss on foreign currency indexed loans**

As of 31 December 2016 the reserves allocated for the exchange rate differences of loans indexed to foreign currency amount to TL 128 (31 December 2015: TL 10.635). Provisions for exchange rate differences pertaining to loans indexed to foreign currency are netted off against the credits and receivables under asset items in financial statements.

**3. Liabilities on provision for employee benefits**

TAS 19 required to using the actuarial methods for calculation of operating obligations.

Accordingly, the following actuarial assumptions were used in the calculation of the total reserve for employment termination benefits:

	Current Period	Prior Period
Discount rate	%5,71	%5,71
Interest Rate	%11,00	%11,00
Expected rate of salary/limit increase	%5,00	%5,00

As of 31 December 2016, TL 77.610 of provision for employment termination benefits (31 December 2015: TL 64.150) and TL 27.732 of unused vacation accruals (31 December 2015: TL 29.202) were reflected to the financial statements.

Movement of retirement pays liability during the period:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>64.150</b>	<b>59.697</b>
Changes in the period	18.202	15.967
Actuarial loss/gain	8.388	(1.781)
Paid in the period	(13.130)	(9.733)
<b>Balance at the End of the Period</b>	<b>77.610</b>	<b>64.150</b>

**4. Information on other provisions**

(i) As of 31 December 2016, the free reserves allocated to potential risks amount to TL 197.829 (31 December 2015: TL 11.000), which includes other reserves set aside of credit portfolio.

(ii) Information on other provisions exceeding 10% of total provisions

TL 85.998 (31 December 2015: TL 65.998) of other provisions consists of provisions for non-cash loans that are not indemnified and converted into cash, TL 19.125 (31 December 2015: TL 18.120) consists of provisions for lawsuits pending against Bank and TL 8.198 (31 December 2015: TL 33.725) consists of other provisions.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**i. Information on taxation**

**1. Information on current taxes**

**(i) Information on current tax liability**

As of 31 December 2016, the amount of the corporate tax provision of the Bank is TL 98.535 (31 December 2015: None), and the prepaid tax amount is TL 165.625 (31 December 2015: None).

As of 31 December 2016, the Bank's total tax and premium liabilities is TL 171.472 (31 December 2015: TL 148.289).

**(ii) Information on taxes payable**

	Current Period	Prior Period
Corporate taxes payable	--	--
Taxation on securities	52.753	45.575
Capital gains taxes on property	1.992	1.779
Banking Insurance Transaction Tax (BITT)	48.973	41.422
Taxes on foreign exchange transactions	--	--
Value added taxes payable	2.851	1.756
Other	46.688	41.048
<b>Total</b>	<b>153.257</b>	<b>131.580</b>

**(iii) Information on premiums**

	Current Period	Prior Period
Social security premiums- employee share	7.804	7.161
Social security premiums- employer share	8.785	8.054
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	--	--
Pension fund membership fees and provisions- employer share	--	--
Unemployment insurance- employee share	542	498
Unemployment insurance- employer share	1.084	996
Other	--	--
<b>Total</b>	<b>18.215</b>	<b>16.709</b>

**2. Information on deferred tax liabilities**

The Bank has no deferred tax liability calculated on the basis of related regulation. Information on deferred taxes is disclosed in Note "o" of "explanations and disclosures related to assets".

**j. Information on payables related to assets held for sale**

None (31 December 2015: None).

**k. Information on subordinated loans**

	Cari Dönem		Önceki Dönem	
	TP	YP	TP	YP
Domestic Banks	--	--	--	--
Other Domestic Institutions	--	--	--	--
Foreign Banks	--	5.483.501	--	4.845.965
Other Foreign Institutions	--	--	--	--
<b>Total</b>	<b>--</b>	<b>5.483.501</b>	<b>--</b>	<b>4.845.965</b>

Information related to subordinated loans is given in Note I-b of Section Four.



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**I. Information on shareholders' equity**

**1. Paid-in capital**

	Current Period	Prior Period
Common Stock	3.316.100	1.816.100
Preferred Stock	--	--

Paid-in capital of the Bank is shown as nominal above. Disclosure regarding capital increase is made in note numbered II-I-3 in Section Five.

**2. Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital**

Registered paid-in capital system is not applied.

**3. Information on share capital increases and their sources; other information on any increase in capital shares during the current period**

The Bank has increased its paid capital at a total amount of TL 1.500.000 on 28 June 2016 consisting of share premium of TL 39, subsidiary and associate shares and real estate sales income of TL 113.097 and extraordinary reserves of TL 636.864 and cash reserve of TL 750.000.

Date of Increase	Amount of Increase	Cash	Profit reserves entreated in increase	Capital reserves entreated in increase
28 June 2016	1.500.000	750.000	113.136	636.864

**4. Information on share capital increases from revaluation funds**

Securities Growth Fund	Revaluation Increase in Value for tangible and intangible fixed assets	Bonus share real estate profit on sale of subsidiaries, associates and joint controlled partnerships (joint ventures)	Other
--	--	113.097	--

**5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments**

The capital is totally paid in and there are no capital commitments.

**6. Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering uncertainty indicators**

Balance sheets of the Bank is managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of the Bank's profitability with a steady increasing trend.

**7. Information on the privileges given to stocks representing the capital**

The Bank does not have any preferred stocks.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**8. Common stock issue premiums, shares and equity instruments**

	Current Period	Prior Period
Number of Shares (*)	50.368.526	50.368.526
Preferred Stock	--	--
Common Stock Issue Premium (**)	15	39
Common Stock Cancellation Profits	--	--
Other Equity Instruments	--	--
<b>Total Common Stock Issued (*)</b>	<b>50.369</b>	<b>50.369</b>

(\*) Related to the Bank's paid-in capital increase on 27 September 2004. At that date, the paid-in capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of this TL 88.000 increase was received in cash through issuance of new shares to the public.

(\*\*) The share price for the above mentioned public issuance was "twothousandeighthundredandseventyfive" Turkish Liras and a total issuance premium of TL 94.441 was realized. The inflation restatement effect of TL 3.910 was also recognized over the original balance until December 2004. A total issuance premium of TL 60 was realized through the Bank's paid-in capital increase amounting TL 400.000 on 28 August 2008.

Share premium at an amount of TL 94.501 and inflation adjustment differences of share premium at an amount of TL 3.910 has been added to paid-in capital with the capital increase made by the Bank at the date of 14 October 2015.

A share premium at an amount of TL 15 has been occurred due to capital increase on 28 June 2016 at an amount of TL 1.500.000.

**9. Securities Revaluation Reserve**

	Current Period		Prior Period	
	TP	YP	TP	YP
Associates, Subsidiaries and JVs	--	--	--	--
Valuation Difference	(445.696)	(109.637)	(521.167)	41.379
<b>Total</b>	<b>(445.696)</b>	<b>(109.637)</b>	<b>(521.167)</b>	<b>41.379</b>

**10. Information on hedging funds**

Explanations about hedging funds are in Note XI of Section Four.

**11. Information on minority shares**

None (31 December 2015: None).

**12. Information on revaluation differences of tangible assets**

The Bank has passed to revaluation model from cost model in the framework of TAS 16 "Intangible Fixed Assets" in valuation of properties in use which are traced under intangible fixed assets as of 31 December 2016 while it tracks all of its intangible fixed assets in accordance with TAS 16 "Intangible Fixed Assets". Revaluation difference amounting to TL 28.852 is recognized under equities as a result of revaluation process.

TL 113.097 of TL122.518 included in revaluation differences of tangible fixed assets has been used in capital increase dated 28 June 2016. Disclosure on capital increase is made in note numbered II-I-3 in Fifth section.

TL 9.421 included in tangible fixed assets revaluation differences is income from real estate sales and transferred to related fund account under shareholder's equity (31 December 2015:TL (113.097)).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**III. Explanations and disclosures related to off-balance sheet items**

**a. Information related to off-balance sheet commitments**

**1. Type and amount of irrevocable commitments**

All of the Bank's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2016, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 28.522.030, TL 12.764.645 and TL 2.111.130, respectively (31 December 2015: TL 24.274.875, TL 10.209.119 and TL 1.920.552, respectively). These items are detailed in the off-balance sheet accounts.

**2. Type and amount of possible losses from off-balance sheet items referred to below**

- (i) Guarantees, bills of exchange and acceptances and other letters of credit which can be considered as financial collateral

As of 31 December 2016, The Bank has letters of guarantee amounting to TL 21.636.270, bills of exchange and acceptances amounting to TL 256.830, and guarantees and sureties on letters of credit amounting to TL 2.312.576 and other guarantees and sureties amounting to TL 4.316.354.

As of 31 December 2015, The Bank has letters of guarantee amounting to TL 20.028.179, bills of exchange and acceptances amounting to TL 194.319, and guarantees and sureties on letters of credit amounting to TL 2.284.049 and other guarantees and sureties amounting to TL 1.768.328.

- (ii) Final guarantees, provisional guarantees, sureties and similar transactions

	<b>Current Period</b>	<b>Prior Period</b>
Provisional Letters of Guarantee	912.008	903.725
Final Letters of Guarantee	14.268.946	13.535.613
Letters of Guarantee for Advances	2.874.152	2.938.430
Letters of Guarantee given to Customs Offices	169.797	184.924
Other Letters of Guarantee	3.411.367	2.465.487
<b>Total</b>	<b>21.636.270</b>	<b>20.028.179</b>

**3. Information on non-cash loans**

- (i) Total amount of non-cash loans

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans Given for Obtaining Cash Loans	7.727.341	4.232.981
With Original Maturity of 1 Year or Less	7.726.461	4.232.247
With Original Maturity of More Than 1 Year	880	734
Other Non-Cash Loans	20.794.689	20.041.894
<b>Total</b>	<b>28.522.030</b>	<b>24.274.875</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

(ii) Sectorial risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>125.897</b>	<b>1,25</b>	<b>115.147</b>	<b>0,62</b>	<b>125.561</b>	<b>1,42</b>	<b>228.819</b>	<b>1,48</b>
Farming and Cattle	124.881	1,24	113.637	0,62	124.382	1,40	228.819	1,48
Forestry	584	0,01	768	--	893	0,02	--	--
Fishing	432	--	742	--	286	--	--	--
<b>Manufacturing</b>	<b>2.217.779</b>	<b>21,98</b>	<b>8.384.204</b>	<b>45,48</b>	<b>2.021.443</b>	<b>22,82</b>	<b>5.267.961</b>	<b>34,17</b>
Mining	325.222	3,22	277.022	1,50	229.451	2,59	126.342	0,82
Production	1.558.544	15,45	7.502.762	40,70	1.462.574	16,51	4.558.775	29,57
Electric, Gas, Water	334.013	3,31	604.420	3,28	329.418	3,72	582.844	3,78
<b>Constuction</b>	<b>2.982.079</b>	<b>29,56</b>	<b>5.163.150</b>	<b>28,01</b>	<b>2.502.194</b>	<b>28,24</b>	<b>5.082.112</b>	<b>32,97</b>
<b>Services</b>	<b>3.350.033</b>	<b>33,20</b>	<b>3.244.097</b>	<b>17,59</b>	<b>3.140.789</b>	<b>35,45</b>	<b>3.207.427</b>	<b>20,81</b>
Wholesale and Retail Trade	1.963.421	19,46	1.645.071	8,92	1.929.549	21,78	1.994.358	12,94
Hotel and Restaurant Services	250.429	2,48	345.654	1,88	223.470	2,52	238.031	1,54
Transportation and telecommunication	489.354	4,85	813.601	4,41	473.289	5,34	547.087	3,55
Financial institution	341.805	3,39	354.679	1,92	216.654	2,45	353.902	2,30
Real estate and letting services	21.577	0,21	3.998	0,02	30.106	0,34	1.984	0,01
Self-employment services	--	--	--	--	--	--	--	--
Education services	38.997	0,39	11.688	0,06	37.715	0,43	13.870	0,09
Health and social services	244.450	2,42	69.406	0,38	230.006	2,59	58.195	0,38
<b>Other</b>	<b>1.411.673</b>	<b>13,99</b>	<b>1.527.971</b>	<b>8,29</b>	<b>1.069.604</b>	<b>12,07</b>	<b>1.628.965</b>	<b>10,57</b>
<b>Total</b>	<b>10.087.461</b>	<b>99,98</b>	<b>18.434.569</b>	<b>99,99</b>	<b>8.859.591</b>	<b>100,00</b>	<b>15.415.284</b>	<b>100,00</b>

(iii) Information about the first and second group of non-cash loans

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	9.890.287	11.353.162	185.468	207.355
Bank Acceptances	5.498	251.332	--	--
Letters of Credit	42	2.312.534	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	6.167	4.306.250	--	3.937
<b>Total</b>	<b>9.901.994</b>	<b>18.223.278</b>	<b>185.468</b>	<b>211.292</b>

b. Information related to derivative financial instruments

Current Period	Up to 1 moth	1-3 month	3-12 month	1-5 years	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total Hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of Trading Transactions</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>25.686.276</b>	<b>10.960.506</b>	<b>6.107.028</b>	<b>4.511.224</b>	--	<b>47.265.034</b>
Forward FC Call Transactions	2.015.918	916.013	687.902	--	--	3.619.833
Forward FC Pull Transactions	2.005.424	927.659	689.440	--	--	3.622.523
Swap FC Call Transactions	9.517.821	3.813.556	1.015.051	2.170.588	--	16.517.016
Swap FC Pull Transactions	7.630.313	3.696.601	841.502	2.340.636	--	14.509.052
Options FC Call Transactions	2.241.091	825.161	1.410.230	--	--	4.476.482
Options FC Pull Transactions	2.275.709	781.516	1.462.903	--	--	4.520.128
Futures FC Call Transactions	--	--	--	--	--	--
Futures FC Pull Transactions	--	--	--	--	--	--
<b>Total of Interest Derivative Transactions (II)</b>	<b>21.114</b>	<b>1.073.356</b>	<b>2.535.872</b>	<b>9.416.476</b>	<b>14.362.932</b>	<b>27.409.750</b>
Swap Interest Call Transactions	10.557	536.678	1.267.936	4.708.238	7.118.152	13.641.561
Swap Interest Pull Transactions	10.557	536.678	1.267.936	4.708.238	7.118.152	13.641.561
Options Interest Call Transactions	--	--	--	--	63.314	63.314
Options Interest Pull Transactions	--	--	--	--	63.314	63.314
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
<b>Other Types of Trading Transactions (III)</b>	<b>1.556.043</b>	<b>34.940</b>	<b>169.418</b>	<b>332.334</b>	--	<b>2.092.735</b>
<b>B. Total Types of Trading Transactions (I + II + III)</b>	<b>27.263.433</b>	<b>12.068.802</b>	<b>8.812.318</b>	<b>14.260.034</b>	<b>14.362.932</b>	<b>76.767.519</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>27.263.433</b>	<b>12.068.802</b>	<b>8.812.318</b>	<b>14.260.034</b>	<b>14.362.932</b>	<b>76.767.519</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

Prior Period	Up to 1 moth	1-3 month	3-12 month	1-5 years	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total Hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of Trading Transactions</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>32.487.482</b>	<b>5.063.386</b>	<b>5.101.644</b>	<b>5.464.559</b>	--	<b>48.117.071</b>
Forward FC Call Transactions	1.326.285	557.706	888.006	25.934	--	2.797.931
Forward FC Pull Transactions	1.325.174	559.422	904.922	26.802	--	2.816.320
Swap FC Call Transactions	13.261.329	1.033.679	557.741	2.829.924	--	17.682.673
Swap FC Pull Transactions	11.943.422	863.189	415.946	2.581.899	--	15.804.456
Options FC Call Transactions	2.320.709	1.047.381	1.162.554	--	--	4.530.644
Options FC Pull Transactions	2.310.563	1.002.009	1.172.475	--	--	4.485.047
Futures FC Call Transactions	--	--	--	--	--	--
Futures FC Pull Transactions	--	--	--	--	--	--
<b>Total of Interest Derivative Transactions (II)</b>	<b>--</b>	<b>6.963.425</b>	<b>3.131.178</b>	<b>16.690.116</b>	<b>10.130.592</b>	<b>36.915.311</b>
Swap Interest Call Transactions	--	3.481.713	1.565.589	8.345.058	5.065.296	18.457.656
Swap Interest Pull Transactions	--	3.481.712	1.565.589	8.345.058	5.065.296	18.457.655
Options Interest Call Transactions	--	--	--	--	--	--
Options Interest Pull Transactions	--	--	--	--	--	--
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
<b>Other Types of Trading Transactions (III)</b>	<b>1.350.690</b>	--	--	--	--	<b>1.350.690</b>
<b>B. Total Types of Trading Transactions (I + II + III)</b>	<b>33.838.172</b>	<b>12.026.811</b>	<b>8.232.822</b>	<b>22.154.675</b>	<b>10.130.592</b>	<b>86.383.072</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>33.838.172</b>	<b>12.026.811</b>	<b>8.232.822</b>	<b>22.154.675</b>	<b>10.130.592</b>	<b>86.383.072</b>

**c. Credit derivatives and risk exposures on credit derivatives**

None.

**d. Contingent assets and liabilities**

A tax inspection for the years of 2010, 2011, 2012, 2013 and 2014 is carried out by Large Taxpayers Office of Turkish Tax Inspection Board with respect to an inspection conducted debt collection fees. In tax inspection reports, tax and penalty notifications, including a total amount of TL 55.745.

A tax inspection for the years of 2010, 2011, 2012, 2013 and 2014 is carried out by Large Taxpayers Office of Turkish Tax Inspection Board regarding the examination of judgment and compensation fees with respect to Corporation Tax has been carried out. In tax inspection reports, tax and penalty notifications, including a total amount of TL 952.

Tax investigation reports and tax penalty notifications for the years of 2009 and 2010 and tax investigation reports for 2011, 2012, 2013 and 2014 have been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of derivative transactions with respect to Banking and Insurance Transaction Tax. In tax inspection reports, tax and penalty notifications, including a total amount of TL 67.780.

The Bank has decided to benefit from favorable provisions of the Law on Restructuring of Certain Receivables numbered 6736 published on Official Gazette dated 19 August 2016 and numbered 29806 and related communique with respect to abovementioned penalties and applied to respective tax office. In scope of aforementioned Law, as a result of restructuring of tax and penalties, accrued amounts are paid in cash on 30 November 2016 for judgement cost of collection amounting to TL 12.924, TL 199 for corporate tax and banking and insurance transaction tax amounting to TL 15.096.

Tax investigation report for 2010 has been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file cost collected from customers who use individual credits with respect to Resource Utilization Support Fund. In tax inspection reports, an accrual slip including Resource Utilization Support Fund at an amount of TL 1.774 and delaying penalty at an amount of TL 2.141 has been submitted on account of the fact that the Bank has not calculated Resource Utilization Support Fund over file cost collected from customers who use individual credits. There is no provision made in financial statements since the implementation of the Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenues rather than interest revenue in Uniform Chart of Account published by Banking Regulation and Supervision Agency. The Bank has appealed to the court for the stay of execution. The defendant tax office has notified the Bank regarding payment orders on 15 March 2016 since the aforementioned case has not been concluded. The Bank has paid a total amount of TL 3.957 to Large Taxpayers Office with prejudice including a RUSF at an amount of TL 1.774, a penalty rate amounting to TL 2.141 and a late fee at an amount of TL 42 on 21 March 2016 and has applied to Istanbul Tax Court for the stay of execution and cancellation of payment orders on 22 March 2016. As a result of examination of filing

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

expenditure collected from customers who are provided individual credits by Tax Inspection Board - Istanbul Large Taxpayers Directorate with respect to Resource Utilization Support Fund (RUSF), a tax investigation report is issued for 2011. Accrual slips including RUSF amount of TL 2,182 and penalty rate amount of TL 2.911 is notified for 2011 in tax investigation report since the Bank did not calculate RUSF over filing expenditure collected from customers who are provided individual credits. No provisions are made in financial statements since it is concluded that implementation of Bank are compliant to legislation considering decisions regarding repayment of file expenditures in court decisions due to not being accepted as interest in Uniform Chart of Accounts published by BRSA. The Bank has filed a claim in order for suspension of execution to Istanbul Administrative Court on 16 January 2017. It is decided to suspend execution on 19 January 2017.

Based on the principle of conservatism the Bank made a provision amounting to TL 14.025 (31 December 2015: TL 18.120) for lawsuits pending against itself; which are classified in "Other provisions" item at the balance sheet. Other ongoing lawsuits which have not any provision are unlikely to occur and for which cash outflow is not expected to incur.

**e. Activities carried out on behalf and account of other persons**

The Bank provides trading, custody, management and consultancy services to its customers.

**IV. Explanations and disclosures related to statement of income**

**a. Interest income**

**1. Information on interest income received from loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	2.384.305	79.303	2.079.048	70.429
Medium and Long Term Loans	4.164.666	541.188	3.120.805	478.463
Loans Under Follow-Up	44.456	--	42.429	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>6.593.427</b>	<b>620.491</b>	<b>5.242.282</b>	<b>548.892</b>

Interest income received from loans also includes fees and commissions from cash loans granted.

**2. Information on interest income received from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	2	602	--	150
Domestic Banks	1.511	2.504	5.240	895
Foreign Banks	59	3.381	864	3.552
Foreign Head Offices and Branches	--	--	--	--
<b>Total</b>	<b>1.572</b>	<b>6.487</b>	<b>6.104</b>	<b>4.597</b>

The interest income from required reserves that maintain in CBRT of the Bank amounting to 56.689 (1 January-31 December 2015: 24.288) recognized under " Interest Income Received From Required Reserves " account.

**3. Information on interest income received from securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	3.490	321	7.801	380
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	581.559	81.048	570.637	46.215
Investment Securities Held-to-Maturity	289.607	30.037	277.678	20.417
<b>Total</b>	<b>874.656</b>	<b>111.406</b>	<b>856.116</b>	<b>67.012</b>

**4. Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	28.618	10.479

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**b. Interest expense**

**1. Information on interest expense related to funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>49.545</b>	<b>528.741</b>	<b>28.095</b>	<b>447.734</b>
Central Bank of the Republic of Turkey	52	--	49	--
Domestic Banks	13.392	6.951	14.110	3.731
Foreign Banks	36.101	521.790	13.936	444.003
Foreign Head Offices and Branches	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>49.545</b>	<b>528.741</b>	<b>28.095</b>	<b>447.734</b>

Interest expense related to funds borrowed also includes fees and commission expenses.

**2. Information on interest expense paid to associates and subsidiaries**

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	24.725	27.086

**3. Information on interest expense paid to securities issued**

	Current Period	Prior Period
Interest Paid to Securities Issued	111.063	139.479

**4. Maturity structure of the interest expense on deposits**

Account Name	Demand Deposits	Time Deposit						Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year			
<b>TL</b>									
Bank Deposits	17	32.488	--	--	--	--	--	--	32.505
Saving Deposits	45	200.802	1.533.346	43.076	14.018	25.012	2.372	--	1.818.671
Public Sector Deposits	--	2.357	5.390	702	14	96	--	--	8.559
Commercial Deposits	1	211.262	494.701	45.306	9.506	6.776	--	--	767.552
Other Deposits	1	11.551	158.925	39.216	5.429	2.340	--	--	217.462
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>64</b>	<b>458.460</b>	<b>2.192.362</b>	<b>128.300</b>	<b>28.967</b>	<b>34.224</b>	<b>2.372</b>	<b>2.844.749</b>	
<b>FC</b>									
Foreign Currency Deposits	2	51.760	230.721	18.238	20.635	22.668	14	--	344.038
Bank Deposits	644	9.165	--	--	--	--	--	--	9.809
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--	--
Precious Metal Deposits	3	9.550	3.118	354	797	251	53	--	14.126
<b>Total</b>	<b>649</b>	<b>70.475</b>	<b>233.839</b>	<b>18.592</b>	<b>21.432</b>	<b>22.919</b>	<b>67</b>	<b>367.973</b>	
<b>Grand Total</b>	<b>713</b>	<b>528.935</b>	<b>2.426.201</b>	<b>146.892</b>	<b>50.399</b>	<b>57.143</b>	<b>2.439</b>	<b>3.212.722</b>	

**c. Dividend income**

	Current Period	Prior Period
Trading Securities	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-For-Sale	--	--
Other(*)	58	1.567
<b>Total</b>	<b>58</b>	<b>1.567</b>

(\*) Presents dividend income from unconsolidated subsidiaries and associates.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**d. Information on trading income / loss**

	Current Period	Prior Period
<b>Income</b>	<b>228.225.865</b>	<b>256.727.428</b>
Capital Market Transactions	41.851	43.692
Derivative Financial Instruments	5.426.408	6.619.983
Foreign Exchange Gains	222.757.606	250.063.753
<b>Loss (-)</b>	<b>228.741.834</b>	<b>257.465.503</b>
Capital Market Transactions	47.912	22.684
Derivative Financial Instruments	5.123.867	5.530.275
Foreign Exchange Losses	223.570.055	251.912.544
<b>Net Trading Income / Loss</b>	<b>(515.969)</b>	<b>(738.075)</b>

Net gain from foreign exchange translation differences related to derivative financial instruments is TL 265.964 (net gain for the period 1 January - 31 December 2015: TL 1.065.761).

**e. Information on other operating income**

	Current Period	Prior Period
Reversal of prior periods' provisions	296.356	277.428
Sale revenue for Real estate properties	13.262	38.748
Communication income	10.957	12.423
Cheque book fees	3.743	4.150
Other	241.984	140.080
<b>Total</b>	<b>566.302</b>	<b>472.829</b>

“Other operating income” item consists of revenue obtained as a result of sales made from follow-up portfolio and collections made from receivables for which a provision has been made in previous periods. Additionally, income amounting to TL 120.672 related to cash portion as a result of the transfer of Visa Europe Ltd., to Visa Inc., in which the Bank has a share in its capital, is recognized in financial statements.

**f. Impairment on loans and other receivables**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	1.183.916	958.000
<i>Loans and Receivables in Group III</i>	<i>65.053</i>	<i>65.389</i>
<i>Loans and Receivables in Group IV</i>	<i>313.688</i>	<i>254.078</i>
<i>Loans and Receivables in Group V</i>	<i>805.175</i>	<i>638.533</i>
Non-performing Commissions and Other Receivables	--	--
General Loan Loss Provisions	293.572	163.628
Free Provision for Probable Risks	189.829	3.000
Impairment Losses on Securities	30.154	26.058
<i>Financial Assets at Fair Value Through Profit or Loss</i>	<i>228</i>	<i>1.025</i>
<i>Investment Securities Available-for-Sale</i>	<i>29.926</i>	<i>25.033</i>
Impairment Losses on Associates, Subsidiaries, Joint Ventures and		
Investment Securities Held to Maturity	2.969	2.373
<i>Associates</i>	<i>--</i>	<i>--</i>
<i>Subsidiaries</i>	<i>--</i>	<i>--</i>
<i>Joint Ventures</i>	<i>--</i>	<i>--</i>
<i>Investment Securities Held-to-Maturity</i>	<i>2.969</i>	<i>2.373</i>
Other	44.327	64.517
<b>Total</b>	<b>1.744.767</b>	<b>1.217.576</b>



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**g. Information related to other operational expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	1.185.090	1.097.381
Reserve for Employee Termination Benefits	5.072	6.234
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	3.719	--
Depreciation Charges of Tangible Assets	103.093	105.916
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	87.802	77.797
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	2.576	1.629
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	899.719	784.637
Operational Leases Expenses	234.755	239.095
Repair and Maintenance Expenses	59.774	48.475
Advertisement Expenses	78.255	66.445
Other Expenses (*)	526.935	430.622
Losses on Sale of Assets	4.364	7.818
Other	307.630	287.574
<b>Total</b>	<b>2.599.065</b>	<b>2.368.986</b>

(\*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationery, heating and lighting, transportation, credit card service fee, entertainment and representation and others amounting to TL 73.719, TL 62.570, TL 20.323, TL 23.934, TL 22.013, TL 113.765, TL 7.641 and TL 202.970, respectively (1 January - 31 December 2015: 72.873, TL 55.891, TL 18.033, TL 23.061, TL 21.031, TL 95.597, TL 7.620 and TL 136.516, respectively).

**h. Information on profit / loss before tax from continuing operations**

As 1 January - 31 December 2016, The Bank has a profit before tax from continuing operations amounting to TL 1.647.654 (1 January-31 December 2015: TL 871.675).

As 1 January - 31 December 2016, The Bank has no profit from discontinuous operations (1 January-31 December 2015: None).

**i. Information on tax provision for continued and discontinued operations**

**1. Current period taxation benefit or charge and deferred tax benefit or charge**

As 1 January-31 December 2016 the current period taxation charge on continuing operations is TL 98.535 (1 January-31 December 2015: None) while deferred tax charge is TL 139.838 (1 January-31 December 2015: TL 109.030 deferred tax benefit).

There are not current period taxation charge on discontinuing operations (1 January-31 December 2015: None).

**2. Deferred tax benefit / (charge) arising from origination or reversal of temporary differences**

<b>Deferred tax benefit/charge arising from temporary differences</b>	<b>Current Period</b>	<b>Prior Period</b>
Arising from Origination of Deductible Temporary Differences (+)	82.905	87.149
Arising from Reversal of Deductible Temporary Differences (-)	(195.483)	(233.663)
Arising from Origination of Taxable Temporary Differences (-)	(27.883)	(1.697)
Arising from Reversal of Taxable Temporary Differences (+)	623	39.181
<b>Total</b>	<b>(139.838)</b>	<b>(109.030)</b>

**3. Deferred tax benefit / (charge) arising from temporary differences, tax losses or unused tax credits**

<b>Sources of deferred tax benefit/charge</b>	<b>Current Period</b>	<b>Prior Period</b>
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(42.864)	(216.228)
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(27.260)	37.484
Arising from Origination (+)/ Reversal (-) of Tax Losses	(69.714)	69.714
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>(139.838)</b>	<b>(109.030)</b>

**j. Information on continuing and discontinued operations net profit/loss**

The Bank has a net profit is amounting to TL 1.409.281 (31 December 2015: TL 762.645).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**k. Information on net profit and loss**

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period**

Income generated from Bank's ordinary banking transactions during the current and prior period are mainly consisted of interest income from loans and marketable securities and income from other banking services. Main expense items are the interest expenses related to deposits and borrowings which are the main funding sources of marketable securities and loans.

- No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.
- The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with TAS 27 "Separate Financial Statements", having a permission to be applied earlier, while preparing its non-consolidated financial tables dated 31 December 2016.
- The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 1.006 million and US Dollar 6,7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

- If "other" lines of the income statement exceeds 10% of the period profit/loss, information on components making up at least 20% of "other" items**

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card clearing and other commissions	608.493	508.952
Contracted merchant / POS commissions	258.470	231.790
Insurance services	155.450	112.990
Filing fees	142.490	102.268
Account management fees	56.528	82.480
Remittance commissions	32.398	30.311
Intermediary services	17.393	26.178
Expertise fees	16.767	14.604
Other	127.106	137.355
<b>Total</b>	<b>1.415.095</b>	<b>1.246.928</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card / POS commissions	305.524	261.785
EFT fees and commissions	10.163	8.888
Other	84.073	74.084
<b>Total</b>	<b>399.760</b>	<b>344.757</b>

**V. Explanations and disclosures related to statement of changes in shareholders' equity**

**a. Information on capital increase**

At the date of 28 June 2016, the Bank has increased its paid-in capital at an amount of TL 1.500.000 in total through share premiums at an amount of TL 39, inflation adjustment differences of paid-in capital at an amount of TL 113.097, shares of subsidiaries and associates and return on sales at an amount of TL 636.864 and cash reserves at an amount of TL 750.000.

**b. Information on issuance of shares**

Share premium, at an amount of TL 39, has added to paid capital with the capital increase made by the Bank on 28 June 2016.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

A premium of issued shares amounting to TL 15 formed as a result of capital increase of TL 1.500.000 made on 28 June 2016.

**c. Adjustments made in accordance with TAS 8**

Communique on "TAS 27 Separate Financial Statements" standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after 1 January 2016 with "Communique on amending the Communique on TAS 27 Separate Financial Statements" (Communique) published in Official Gazette dated 9 April 2015 and numbered 29321.

The Bank adjusted its comparative financial statements of 31 December 2013 and 2014 through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard.

**d. Effects of changes in Subsidiary Equity on Bank's Equity**

Financial associates are recognized according to equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Associates with respect to TAS 27 Separate Financial Statements Communique in non-consolidated financial statements. Associates, which were recognized with cost value in the non-consolidated financial statement previously along with the 2nd quarter of 2015, are recognized according to equity method as of 1 January 2013.

Equity method is the recognition treatment which prescribes to increase or decrease the book value of share included in associate from the change amount occurring in the period in the equity of participated partnership as the share falling to participant and deduction of dividends and associate amounts from the value which is changed in the aforementioned manner.

In this scope, the parts falling to Bank's share from equity of participated associates, gain or loss and other comprehensive income are recognized under equity of the Bank, income statement of the Bank and other comprehensive income statement of the Bank respectively.

**e. Information on distribution of profit**

General Assembly of the Bank is authorized body for the profit appropriation decisions. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

**f. Information on increase/decrease amounts resulting from merger**

None.

**g. Information on investments available-for-sale**

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

**h. Hedging transactions**

Explained in Information on hedging transactions in Note XI of Section Four.

**i. Revaluation difference on tangible assets**

Revaluation differences on tangible assets includes gains on sales of subsidiaries and gains on sales of real estates and explained in detail in Note II-I-12 of Section Five.

**j. Information on to foreign exchange difference**

TL 36.673 (31 December 2015: TL 31.817), consisting of conversion of Bahrain Branch's financial statements into TL in accordance with TAS 21, and TL 749.218, (31 December 2015: TL 143.656) sourcing from recognizing Denizbank AG, JSC Denizbank and Eurodeniz, which are foreign currency associates of the Bank, with equity method, are recorded under "other reserves" account.

Explained in detail in "Information on to foreign exchange difference in Note II-b of Section Three".

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**k. Amounts transferred to legal reserves**

The Bank transferred TL 715.091 (31 December 2015: TL 496.723) to extraordinary reserves from prior period profits in 2016. TL 38.132 (31 December 2015: None) amount transferred to legal reserves.

**VI. Explanations and disclosures related to cash flow statement**

**a. Information on cash and cash equivalents**

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities less than three months are defined as "Cash equivalents".

**1. Cash and cash equivalents at the beginning of the period**

	Current Period	Prior Period
	01.01.2016	01.01.2015
<b>Cash</b>	<b>2.066.403</b>	<b>1.545.002</b>
Cash in Vault, foreign currencies and other	1.352.186	1.195.145
Banks demand deposits	714.217	349.857
<b>Cash and Cash Equivalent</b>	<b>4.324.730</b>	<b>2.396.348</b>
Interbank Money market placements	1.200.353	970.298
Banks time deposits	2.809.634	1.180.541
Securities	314.743	245.509
<b>Total Cash and Cash Equivalents</b>	<b>6.391.133</b>	<b>3.941.350</b>

**2. Cash and cash equivalents at the end of the period**

	Current Period	Prior Period
	31.12.2016	31.12.2015
<b>Cash</b>	<b>2.073.608</b>	<b>2.066.403</b>
Cash in Vault, foreign currencies and other	1.754.183	1.352.186
Banks demand deposits	319.425	714.217
<b>Cash and Cash Equivalent</b>	<b>9.910.140</b>	<b>4.324.730</b>
Interbank Money market placements	3.001.396	1.200.353
Banks time deposits	6.812.558	2.809.634
Securities	96.186	314.743
<b>Total Cash and Cash Equivalents</b>	<b>11.983.748</b>	<b>6.391.133</b>

**b. Information on cash and cash equivalent assets of the Bank that are not available for free use due to legal restrictions or other reasons**

The Bank made a total provision for required reserves on CB of Turkey in amount of TL 13.006.739 (31 December 2015: TL 9.406.456). Additionally, there is TL 2.058.995 (31 December 2015: TL 12.180) limited amount in foreign banks account.

**c. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents**

"Other" item amounting to TL (4.107.409) (31 December 2015: TL (3.531.804)) before "changes in operating assets and liabilities" comprise other operating expenses, fees and commissions paid and net trading loss. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from TL 6.391.133 (31 December 2015: TL 4.097.176) to TL 11.938.748 in 2016 (31 December 2015: TL 6.546.959).

"Other liabilities" item included in "change in assets and liabilities arising from banking activities", amounting to TL (1.403.412) (31 December 2015: TL 4.925.211) comprise changes in payables to money market, sundry creditors, taxes and duties payable, and other external resources.

The impact of change in exchange rate on cash and cash equivalent assets consists of exchange difference occurring as a result of translation of foreign currency cash and cash equivalent assets average to TL with rates belonging to beginning and end of the period and it amounts to TL 858.680 as of 31 December 2016 (31 December 2015: TL 491.429).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Unconsolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

**VII. Explanations and disclosures related to the Bank's risk group**

**a. Information on loans and other receivables to the Bank's risk group**

Current Period

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	250.214	252.052	2.299	19.970	58.047	701
Balance at the End of the Period	2.661.889	188.357	5.448	7.721	56	4
Interest and Commission Income Received	50.467	629	212	8	5.046	8

(\*) As described in the Article 49 of Banking Law no.5411.

Prior Period

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	275.941	124.564	18.175	59.102	94	25
Balance at the End of the Period	250.214	252.052	2.299	19.970	58.047	701
Interest and Commission Income Received	43.982	800	308	81	3.678	1

(\*) As described in the Article 49 of Banking Law no.5411.

**b. Information on deposits held by and funds borrowed from the Bank's risk group**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder (**)		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the Period	466.304	631.467	6.257.056	3.878.370	8.962	16.245
Balance at the End of the Period	2.580.369	466.304	6.607.506	6.257.056	9.448	8.962
Interest and Commission Income Received	29.621	32.999	324.071	266.165	4.067	4.890

(\*) As described in the Article 49 of Banking Law no.5411.

(\*\*) Includes the subordinated loan of US Dollar 1.050 million and Euro 115 million received from Sberbank.

**c. Information on forward and option agreements and similar agreements made with the Bank's risk group**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes:</b>						
Balance at the Beginning of the Period	14.029.161	9.104.630	--	54.565	6.368	5.654
Balance at the End of the Period	9.209.555	14.029.161	--	--	--	6.368
Total Income/(Loss)	(62.528)	(87.891)	(5.989)	(12.712)	(388)	(156)
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	--	--	--

(\*) As described in the Article 49 of Banking Law no.5411.

**d. Information on benefit provided to Executives**

The Bank makes payment amounting to TL 71.893 (31 December 2015: TL 63.462) to its Executives as of 31 December 2016.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2016**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**e. Information on transactions with the Bank's risk group**

As of 31 December 2016, cash loans and other receivables of the risk group represent 4,1% of the Bank's total cash loans and bank deposits granted, the deposits and borrowings represent 11,6% of the Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,7% of the total balance.

The Bank has finance lease contracts with Deniz Leasing. As of 31 December 2016, The Bank's contractual finance lease payables are TL 18.493 (31 December 2015: TL 27.234). Also, the Bank gives brokerage services through its branches for Deniz Yatırım.

**VIII. Domestic, foreign and off-shore banking branches and foreign representatives of the Bank**

**a. Information relating to the Bank's domestic and foreign branch and representatives**

	Number	Number of Employees	Country of Incorporations	Total Assets	Statutory Share Capital
Domestic branch	693	12.932			
Foreign representation	-	-	-		
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	7.016.474	-

**b. Explanations on the Bank's branch and agency openings or closings**

The Bank opened 27 new branches closed 25 branches in 2016.

## **SECTION SIX**

### **OTHER DISCLOSURES AND FOOTNOTES**

#### **I. Other explanations related to the Bank's operations**

##### **a. Explanations related to the Bank's operations**

None.

##### **b. Summary information about ratings of the Banks which has been assigned by the international rating agencies**

<b>Moody's*</b>		<b>Fitch Ratings**</b>	
Outlook	On Watch	Outlook	Stable
Long Term Foreign Currency Deposits	Ba2 (On Watch for the possible decrease)	Long Term Foreign Currency	BB+
Short Term Foreign Currency Deposits	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposits	Ba2 (On Watch for the possible decrease)	Long Term Local Currency	BB+
Short Term Local Currency Deposits	Not Prime	Short Term Local Currency	B
Bank Financial Strenght Rating (BCA)	ba3 (On Watch for the possible decrease)	Viability	bb+
		Support	3
		National	AA (tur)
*As of 20.07.2016		**As of 18.03.2016	

##### **c. Subsequent events**

None.

## **SECTION SEVEN**

### **INDEPENDENT AUDITORS' REPORT**

#### **I. Information on the independent auditors' report**

The Bank's unconsolidated financial statements and footnotes have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Ernst&Young Global Limited) and the independent auditors' report dated 23 February 2017 is presented in front of the unconsolidated financial statements.

#### **II. Disclosures and footnotes prepared by independent auditor**

There are no significant issues and required disclosures and footnotes related to the Bank's operations, deemed as necessary, which have not been explained in the sections above.